THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

July 6, 1940

War in China Ends its Third Year

A Review

The Utilities Pull Through

BY JOHN AHLERS

China's New Education

BY C. Y. W. MENG

America and the Indies

BY WILBUR BURTON

How the U.S. Elections Concern Asia

An Editorial

VOLUME 93 PRICE 50 CENTS (in China) NUMBER 6

HONGKONG SHANGHAI TIENTSIN

CANTON SWATOW FOOCHOW CHANGSHA HANKOW

CHUNGKING KUNMING ICHANG WENCHOW NINGPO

WILLIAM HUNT & COMPANY

"AFFILIATES"

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NANYANG BROTHERS TOBACCO COMPANY, INC.

CHINA CORPORATION

NEW YORK BUFFALO LONDON

What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

COURAGE UNDER BOMBS

To the Editor:

The following is a summary of a remarkable editorial which appeared in one of our papers during the course of the Japanese imitation "blitzkrieg" bombing of Chungking:

"It is in vain that the enemy imagines it can deprive us of our courage by bombing us every day. On the contrary our courage daily becomes stronger. Without courage we never would have begun resistance to Japan's 'scientific aggression.' The enemy should by now realize that China cannot be conquered by might. For 5,000 years we have suffered every kind of calamity and have made every kind of sacrifice. History proves that each time we have nobly faced the suffering, vanquished the difficulties and won the final victory!

"But it is unnecessary to quote from history; the evidence is obvious in the after-results of the daily massacres. The spirit of our nation is written there.

"Our work, instead of being hindered by the bombings, has only been made more strenuous. We do spend a lot of time in the dugouts, but this is the best time for propaganda work. After all there are 24 hours in every day and 365 days in every year. What we can't do in the morning, we do in the afternoons and what is not done in the afternoons can be done at night or tomorrow. No matter how savage the Japanese bombings, they can only destroy a very small percentage of our workers, only a small part of our time and none of our spirit of resistance.

"Every one respects the incessant assiduity and perseverance of our Leader and the hard work done by our officers. All see these and honor them for their deeds, servces and risks. But most of all are worshipped our fighters of the air, who are inferior in number to our enemy, who go without food and sleep, and completely disregard the perils of battle at all times of day and cause the invaders to lose from three to seven planes a day. This represents the real fear-not spirit of our nation.

"And you should see the courage and energy of our coolies who run to work cheerfully immediately after every bombing and effect the repairing of damages. Once when they saw a factory destroyed, they immediately started to repair the damages, declaring that the factory was more important even than food. Even the shelter of the laborers connected with the Bureau of Public Safety was bombed, but instead of trying to save their personal belongings, they first began filling in the holes in the road. They said, 'What are private things as compared to the public good?'

"Our firemen have a slogan, 'immediate smoke, immediate work.' That means they rush immediately to extinguish the incendiary fires regardless of the enemy planes. They have another saying that regardless of the fierceness of the flames they must be extinguished before there can be any rest or food for the firemen. Stretcher-bearers are just as diligent, working for hours on empty stomachs, sweating and running about regardless of flames and bursting bombs all about them. Doctors and nurses frequently work 24 hours without cessation. They are working for humanity, for their consciences and feel no mental pain.

"The ardor of religion, ,the emotion of patriotism, the passion of All-against-the-enemy are made more apparent, enhanced and strengthened by the bombing. Hidden virtues of the nation, unapparent in peace, become apparent in the periods of bombing. Japanese bombs enhance our sympathies, compassions and strengthen the unity of our race. They make our people, rich and poor, unite into one family, hard as steel.

"Since the beginning of the Japanese invasion the enemy has bombed at random, killed our civilians, destroyed our buildings, and now they have intensified their barbarous acts in order to destroy us completely. But they can only destroy substances; what is in our minds cannot be impaired.

"The enemy must have mistaken China's love of peace as cowardice. We always have sought peace with our neighbors, but those who have invaded our land, have discovered to their discomfiture that we know only how to resist, to our last drop of blood if necessary, to our very last breath. If we had been afraid of pain and sacrifice, we couldn't have acrambled through 5,000 years. We have even experienced worse things than Japanese bombs!

"The reason is that we are resisting for existence. We are willing to pay whatever is necessary for existence. The enemy must now realize that men and women of the Chinese race cannot be bound as slaves.

"All of these deeds of our enemy, these acts of terrorism, are but evidence of his last final burst of strength and are received by us without fear. After three years of war, what is the loss of one or two more cities? Even the recent imitation blitzkrieg has left some buildings standing.

"The real result of the bombs is felt in our determination to resist the enemy, to make this hatred even more widespread among our people, until the time comes when he will be destroyed completely, mercilessly. This is why we smile over the ruins of our little heap of belongings. It is the spirit of our nation and people, confident in the knowledge that our vicious enemy will repent what he has done, a million fold. Such glorious resistence which is in evidence

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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here must have its ultimate triumph. That is inevitable."

PETER CHAO

Chungking, June 25, 1940.

CASUALTY

To the Editor:

We regret to inform you that our Chungking office has been bombed and destroyed. Please cancel immediately our standing order for papers, pending other arrangements.

LYNNS BOOK STORE

June 8, 1940.

INTELLIGENT!

To the Editor:

I am returning a copy of the "Who's Who Supplement, 1940," (published by **The China Weekly Review**) which you can see was too great a temptation for a rat. Kindly send another copy,

M.R.

Hankow, June 21, 1940.

FRIGHTFUL MESS

To the Editor:

Please change our address back to China. The world is in a frightful mess—and what a desirable world mankind could have if we were all willing to pay the price! We got caught in the European war; left Berlin on Sept. 1 to join my wife in England. We left England on the George Washington.

J.J.H.

New York, May 15, 1940.

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, July 4, 1940

Demand selling rate on New York: U.S.$1.00—Sh.$16.32

Demand buying rate on New York: U.S.$1.00—Sh.16.00

Demand selling rate on London: £1.0.0—Sh.$61.93

Demand buying rate on London: £1.0.0—Sh.$60.00

AMERICAN STOCK AND COMMODITY QUOTATIONS

July 3, 1940

STOCKS

Amer. Locomotive	12½
Amer. Waterworks	9
Anaconda Copper	20
Bethlehem Steel	74
Chrysler	62¼
Elec. Bond & Sh.	6
Gen. Motors	42¾
Goodyear T. & R.	15
Gt. Nthrn. Rly., pfd.	22⅜
Lockheed Aircraft	23½
Mont. Ward	39⅛
N. Y. Central	11¾
Texas Corp	38
U. S. Steel	50⅞

COMMODITIES

New York Cotton, July	10.10/10
New York Rubber, July	18.82B/85A
New York Hides, Sept.	10.40/40
Chicago Wheat, July	78¾/78⅞
Chicago Corn, July	58⅜/58½
New York Sugar, No. 4, Sept.	1.01B/02A

B—Bid. A—Asked.

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FORTHCOMING U.S. ELECTION DEEPLY CONCERNS THE FAR EAST

Wendell Lewis Willkie, lawyer, public utility executive; born Elwood, Ind., Feb. 18, 1892; son of Herman Francis and Henrietta (Trisch); A. B. Indiana University, 1913, LL.B. 1916, LL.D., 1938, student Oberlin, 1916; married Edith Wilk, Rushville, Ind., Jan. 14, 1918; 1 son, Philip Herman. Admitted to Indiana bar, 1916, Ohio, 1919, new York, 1930; member law firm, Willkie & Willkie, Elwood 1916-1919, Mather, Nesbit & Willkie, Akron, O., 1919-1929, Weadock & Willkie, New York City, 1929-1932; president, Commonwealth & Southern Corporation since Jan. 1933; Chairman of board and director, Consumers Power Company, Ohio Edison Company; director, Southern Indiana Gas and Electric Co., Central Illinois Light Company; trustee, Edison Electric Institute. Member, Association of the Bar, N. Y. Republican. Member Episcopalian Church. Member Clubs, Century, University, The Recess, Lawyers, Blind Brook. Home 1010 Fifth Ave., Office 20 Pine Street, N.Y.

The above is the skeletonized biography of the next President of the United States—provided the American people decide to retire the Democrats to political oblivion and elect the Republicans to public office in the National Election in November. The Democratic candidate will not be selected until next week when the Party is scheduled to hold its national convention in the city of Chicago. Unless most forecasts are wrong President Franklin D. Roosevelt will be a candidate to succeed himself, which will means a departure from precedent as no president of the United States ever served for more than two terms.

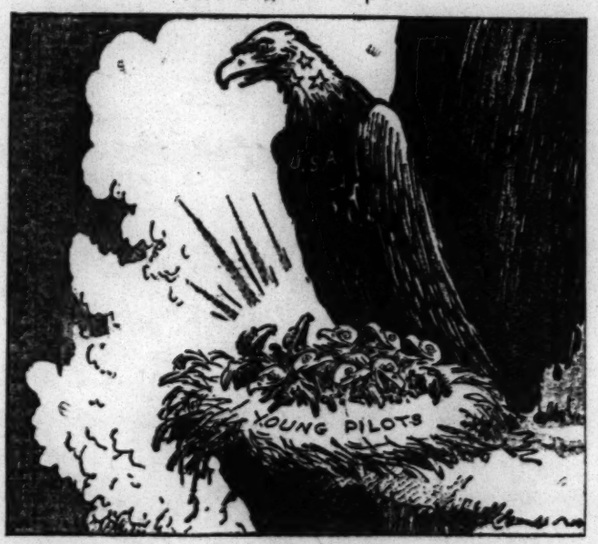
But the United States, like every other country —important or unimportant; large or small; white, yellow, brown or black—is involved in a serious, if not vital political crisis resulting from the expansion of the European War into a world-enveloping holocaust. As a result the leaders of both major U. S. parties are striving to prevent too serious a political disruption in the face of the major crises confronting the nation from across the Atlantic and the Pacific.

The Democratic Party, headed by President Franklin D. Roosevelt, has been in power for the past eight years and has been responsible for what is popularly described as the "new deal," a program of socialization, involving the construction of vast public works, consuming vast public funds, and involving the country in the largest monetary deficit in its history. Most important of public works undertaken have been the construction directly by the government of enormous conservation and power-development projects.

The development of these enterprises, leading in the direction of socialization of power production has brought the Government into frontal conflict with private capitalistic enterprise involving vast investments in the electric power field. These developments, particularly the TVA or "Tennessee Valley Authority," most ambitious of the Administration's projects, have resulted in innumerable conflicts with private electric power interests already established in the field. The United States Government, unlike European dictatorships, was compelled to adjust its relations with powerful private enterprises by legal methods—meaning that owners of private enterprises adversely affected by the government fostered program, had to be reimbursed for their losses. But even though they were reimbursed this didn't eliminate the opposition of private capitalistic investment enterprise in this field.

This, briefly, explains the background of the candidacy of Wendell Lewis Willkie, Republican, for the office of President of the United States. Mr. Willkie is head of several of the leading electric power concerns, particularly Commonwealth & Southern Corporation, which have been affected by the government's program of socialization of power production and distribution. His nomination by the more conservative Republicans (GOP—Grand Old Party) thus makes the government's domestic program, the heart of the New Deal, the fundamental political and economic issue in the forthcoming campaign. That is, from the standpoint of the nation's domestic affairs. In countries controlled by dictators, such as Stalin, Hitler or Mussolini —and warlord dominated Japan—the Government would have solved the issue of public vs. private electric plants by simply taking them over and putting the army in control. In the U. S. the issue will be fought out in a national election.

The Eagle's Hope



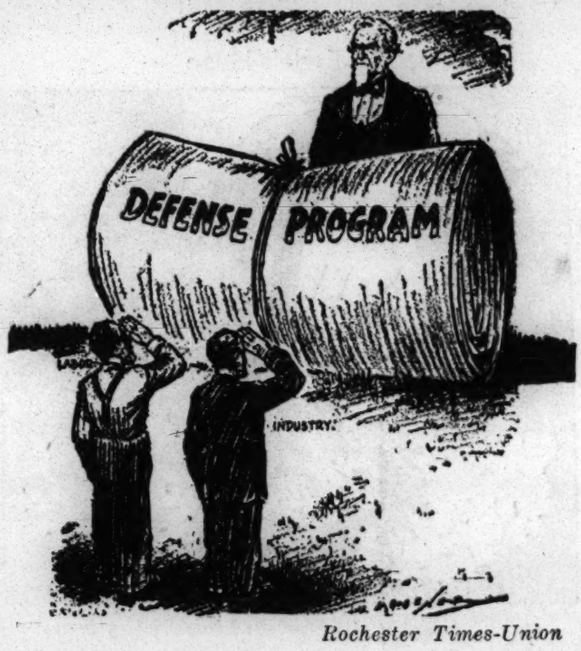
Chicago Daily News

It remains to be seen, however, whether this will be the fundamental issue in the campaign, because all domestic issues including the continuance of the democratic system itself, are overshadowed by developments on the continent of Europe which threaten all human institutions.

President Franklin D. Roosevelt, inspired by a desire to keep his party in power and to complete New Deal projects still in process of construction—and at the same time prepare the nation militarily to meet the European meance—attempted in mid-May to create as near a coalition government as the American party system will permit without too violently altering the constitutional rules. He invited the two leaders of the Republican Party, who opposed him in the last national election,—Alfred M. Landon, candidate for President, and Frank Knox, candidate for Vice-President—to

join his Cabinet in the key positions of Secretaries of War and Navy. Mr Knox accepted, but Mr. Landon, influenced by reactionary political interests, declined. As stated, this was in mid-May. A few days prior to the opening of the Republican Convention in Philadelphia last week President Roosevelt made the sensational announcement that Col. Henry L. Stimson, former Secretary of State in the preceding Republican Administration, and before that a Republican Secretary of War, had accepted appointment as Secretary of War in his (Roosevelt's) Cabinet, and Col. Frank Knox, former candidate for Vice-President on the Republican ticket, had accepted appointment as Secretary of Navy. Col. Knox is owner and publisher of *The Chicago Daily News* powerful liberal paper which has advocated military

New National Salute



Rochester Times-Union

preparedness and assistance to the Allied democratic powers in the European conflict. Col. Stimson, aside from his well known stand against Japanese aggression in Asia, also advocated extending powerful American help to the European Allies.

In the face of this set-up and with a growing realization of the seriousness of the European menace, the leaders of the Republican Party were compelled to abandon an isolationist platform previously decided upon and adopt in its stead a platform pledging the Party to support the Allied Democracies in a measure almost as fully as had been the policy of the Democratic Administration. As one writer put it, staggering events and mighty pressures, caused the nation's opposing political leaders to adopt almost identical policies in the field of foreign relations.

The nomination of Lawyer-and-Corporation Executive Wendell Willkie as Republican candidate constituted a major political sensation as he entered the Convention a poor third, with the leads taken by Thomas E. Dewey, New York District Attorney, and Senator Robert A. Taft, Ohioan and son of a previous President. While Dewey entered the convention a popular favorite, his boom was effectively punctured by devastating political attacks, one of which appeared in the *American Mercury* and styled the highly-publicised and youthful District Attorney as the "Self-Made Myth." The article was written by Benjamin Stolberg, who labeled Candidate Dewey a "threat to the U. S. . . his emotional immaturity, his remarkably limited experience, the whole unfinished effect of his personality, are the most striking things about him . . there is a touch of Goebbels about his propaganda—crass, bold, and hard to nail . . it is the perennial 'youthful' leader of the new bureaucracy: ruthless, opportunistic, abnormally ambitious, full of egocentric arrogance, emotionally unstable or arrested, above all a radical reactionary . . "

Senator Robert A. Taft was described as "glamorless," and an advocate of Isolationism in the face of spreading Midwest sentiment for more substantial aid for the Allies.

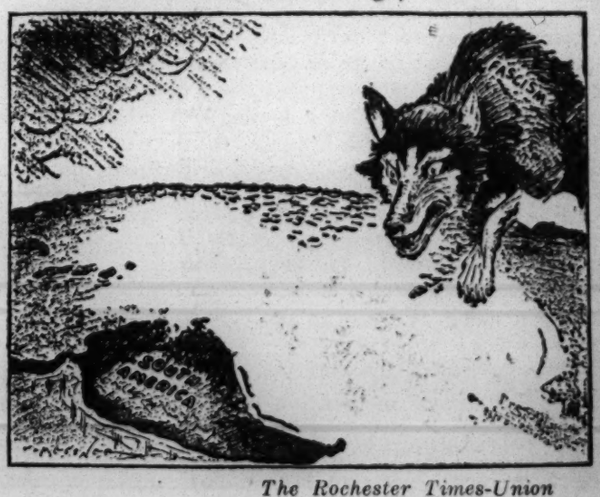
On the other hand Wendell Willkie was the first Republican candidate to "seize the Big Issue," to quote from an appraisal in *Time*, published on June 3, prior to the Convention. Regarding domestic affairs, Willkie told his audiences that the first task of the Administration was to "restore private enterprise, that national defense depends mightily on a highly productive, Federally encouraged domestic economy."

Two years ago H. G. Wells, famous English writer, following a luncheon with President Roosevelt, made the following statement in an article in *Colliers*: "We agreed that the danger of a world-wide war crisis would rise toward a maximum between 1939 and 1940 and he thought that by that time there should be someone younger, quicker and better equipped to meet the urgencies of possible warfare without delay in the White House. But he spoke of that rather as his own personal problem than America's."

To quote further from *Time*, "It dawned on some Republicans . . . that at last they had an Issue. For seven years, while the New Deal juggernaut squnched over the political battlefield, the Republicans had vainly whipped up little issues, had vainly sought an issue that would stand up under fire . . . . The New Deal has spent U.S.$60,000,000,000—seven billions on national defense—and still in an hour of peril, the U.S. was weak. . . . Although the U. S. had the biggest, best peacetime Army, Navy and Air Corps in history, the citizenry, nightmare-ridden from two weeks of total-war news, was in no mood to listen to comforting explanations. . . . Action was a nationwide cry . . . . the U. S. demanded—from the Administration at Washington—immediate speed, skill production, results."

Thus, with their political enemies well leadered by an experienced business executive, who shows signs of political genius—at a time when the necessity of industrial production is paramount—the Democrats are faced with the question whether it would be better to proceed with the political genius, Franklin D. Roosevelt, on a third-term platform, or whether it would be better to select a new standard-bearer. The question will be answered,

"With Lean and Hungry Look"



The Rochester Times-Union

possibly before another issue of this journal reaches the hands of subscribers.

The issue might be settled by some unexpected development that would sweep the nation into war on either of the two oceans!

WILLKIE "UNCERTAIN" ABOUT ORIENT!

The *United Press*, in a dispatch from Washington on June 29, following Mr. Willkie's nomination, said that the Republican candidate "elected to approach Far Eastern problems without any personal background in that field and without a definite guiding plank in the Republican election platform." This circumstance, in the opinion of the *U.P.* correspondent, would make his selection of a Secretary of State a matter of great importance in the future role of the United States in the Far East.

Incidentally, it is well to bear in mind at this stage, that Roy Howard, publisher of the New York World-Telegram, and head of the Scripps-Howard Newspapers—which own the *United Press*—has declared himself a supporter of Mr. Willkie for President of the United States. This statement appeared in a *United Press* message from Philadelphia on June 30, immediately following Mr. Willkie's nomination.

But while Candidate Willkie is not pledged in his Party Platform to any particular course in Far Eastern affairs there are certain elements in the situation which may or may not be significant. According to *United Press*, Willkie's attitude on outstanding foreign policy questions, based on his past pronouncements is embraced in the following:

1.—Aid to the Allies, short of war.
2.—A strong policy in the Far East, but not especially opposition to an understanding with Japan.
3.—Enforcement of the Monroe Doctrine probably on a multi-lateral basis.
4.—The widest latitude should be given to trade expansion and Mr. Willkie would support any possible means of implementing the economic power of the Western Hemisphere.

Attention also may be called to certain circumstances concerning American investments in the Far East which will be of more than passing interest to Candidate Willkie, power-utility executive: The largest single American investments in the Far East are in the public utility field with electric power industries predominating. In Shanghai the largest single U. S. investment is the Shanghai Power Company, subsidiary of a large American holding company with which the Republican candidate is undoubtedly familiar.

In Japan, American interests have invested more than U.S.$350,000,000 in power-development enterprises, all of which were arbitrarily taken over by the Government and merged into a politician warlord-controlled corporation, the assets of which are exceedingly doubtful at the present time. Mr. Willkie obviously will be interested in the fact that a warlord-ridden Japanese Government arbitrarily took over numerous privately-owned electric light and power companies in a manner quite opposed to what Mr. Willkie would regard as the correct method of solving this problem of private vs. publicly-owned power enterprises!

SENATOR MCNARY FOR VICE-PRESIDENT

Senator Charles McNary, nominated as Republican candidate for Vice-President, is well known on the Pacific Coast as Senator from Oregon. He was born at Salem, Oregon, June 12, 1874 and received his education at Stodard University and for five years was dean of Williamette, Oregon. College of Law and served for two years as an Associate Justice of the Oregon Supreme Court, prior to his election to the U. S. Senate in 1917. He was re-elected in 1924, 1930 and 1936. He is well known as supporter of agricultural legislation in Congress.

WILLKIE OF GERMAN ANCESTRY

Of special significance—quickly discovered and reported by the German *Transocean* news agency—was the fact that Candidate Willkie is of German ancestry, his grandparents having emigrated to the United States after the collapse of a revolutionary movement in Germany in the middle of the past century. The family name was originally spelled Willcke. His parents were both lawyers, his mother having been the first woman admitted to the bar in the state of Indiana.

Disturbing the Old Racket

Bishop in St. Louis Star-Times

The fact that there are large numbers of Americans of German ancestry may or may not be of significance in the forthcoming election. A dispatch from Rome quoted Italian political circles as favoring Mr. Willkie over Mr. Roosevelt as the next President of U.S. There also, are many thousands of American Italians in the United States. Italian leaders were quoted as charging President Roosevelt "with turning a deaf ear to their arguments."

But London, almost 100-percent supporter of F. D. R., also was favorable to Candidate Willkie because of his pledge of aid for Britain and the Allied side. London saw his nomination as a "direct blow to Hitler," and a "source of great pleasure in Great Britain."

The German *Transocean* service, in a dispatch from Philadelphia, called attention to the circumstance that "Willkie would be the first President of the United States of German descent." Overlooking the fact that nomination does not guarantee election, the German news agency added the after-thought that, "despite his German origin, however, he cannot by any means be regarded as pro-German . . . Nevertheless the conviction prevails in political circles that Willkie would radically revise Roosevelt's policy toward Europe . . . During his campaign preceding the Convention, Willkie was even in favor of giving the Allies material aid, but only on

the basis of the Cash and Carry clause in the Neutrality Act. On the other hand, however, he was always in contrast to Roosevelt, emphasizing the inevitable logic of European developments, making no secret of the fact that the United States was partly to blame for the collapse of the European democracies."

A later dispatch by *Transocean* quoted the Republican candidate denying as unfounded an alleged report in a London newspaper that he favored intervention in the European struggle.

Probably of greater significance was a challenging *Transocean* message from Berlin on June 30, which was labeled "America and Europe," and quoted an unnamed author "assumed to have excellent connections in the German Foreign Office." This dispatch, circulated on June 30, closely following the adjournment of the Republican Convention, was to the following effect:

This Much Can Be Done Now

The Wilmington News

"Europe is fighting so that it may never again be cut off by arbitrary British measures from the economic areas of the rest of the world. It might therefore be compelled to secure and organize its vital requirements where they can no longer be affected from the outside. Whether and to what extent this securing will take place will essentially depend on whether in the long run Europe will have to deal with a friendly or with a hostile America. The decision on this point lies with those across the ocean.

"The interests of the Western Continent, once they are freed from resentments born by false partisanship, coincide with those of Europe. It cannot be assumed that the commonsense of the American people will sacrifice for ever such vital interests to a British adventure which is now already lost."

The article also points out: "Neither of the two continents is in a position to successfully attack the other, let alone conquer it. Nevertheless it is only natural if in America the patriots of all countries are advocating the reinforcement of their military strength. What, however, is not natural, is that policy which today on account of insufficient arms and material declares itself as immediately menaced, and to-morrow, by circumventing its own laws, is sending its most modern arms across the sea, where this 'aid' will turn out to be only disastrous for him who is to be 'aided.'"

The article then cites the Fueher's recent statement: "How the American Continent is shaping its own life, does not interest us. How the armament program of these countries is developing does not interest Germany either. America to the Americans, Europe to the Europeans."

Commenting thereon the author of the article writes: "Respect for the Monroe Doctrine, however, does not only oblige Europe not to interfere in America, but also obliges America not to interfere in Europe, this is the standpoint of the Reich and its friends, and also that of the new Europe, which the World will have to reckon with".

Police Continue Watch Over "Finance Investigation" Office

POLICE authorities of the International Settlement have continued their watch over the so-called "Finance Investigation Society," a Japanese organization which leased a large foreign style house at No. 82 Yates Road, several weeks ago. Despite protestations by Y. Torikawa, manager of the institution, that the Finance Investigation Society is a social club for the promotion of the "new order," rumors persisted that the promoters of the institution plan to open a gambling house, somewhat similar to the Asia Club, which previously operated on Gordon Road, a short distance from Bubbling well road.

It was alleged in some quarters that the group controlling the place on Yates Road had affiliations which were claiming the protection of the Japanese Army authorities, somewhat as the controller of the Asia Club claimed the protection of the Japanese naval authorities. In the case of the Asia Club, however, the Japanese Consul-General disavowed the allegation that it was Japanese protected and the place was closed.

The gambling joints which operate in the badlands" area adjacent to the western border of the International Settlement, all claim to be subject to the orders of the Wang Ching-wei administration in Nanking, but the actual protection is provided by the Japanese Special Service Section. The only exception is the palatial China Club which is owned and operated by politicians of the Wang Ching-wei faction who use the place as a political headquarters in Shanghai. Its profits go toward the financing of certain political activities of the group.

According to reports in police circles five gambling houses in the Yu Yuen Road-Great Western Road areas, have reopened since the Japanese closure action on June 16, but the proprietors all claim that heavy "taxes" levied by the Sino-Japanese authorities absorb all the profits. In all cases the places which reopened have changed their names and are using different entrances.

Farren's, located at 325 Great Western Road, near the Columbia Country Club, is the only gambling house which is operated by foreigners, the proprietors being Joe Farren, who is of Hungarian nationality and E. T. Riley, who is said to be of American or British nationality. Since Farren's is largely patronized by foreigners, the proprietors do not permit opium smoking on the premises, but all of the other resorts have opium divans adjacent to the gambling rooms for the convenience of Chinese patrons.

The "protector" of Farrens is a Japanese named "Miura" according to report.

The gambling-opium smoking dens now operating in the Western "badlands" district, which cater to Chinese customers are: the China Club, 29 Tifeng Road, which remained open after the "closure" on June 16; "1238 Club," formerly Hollywood, which reopened on June 24; "99 Shanghai Club," formerly Monte Carlo, which reopened on June 26; "New Asia Club," formerly the Broadway, reopened June 28; Yu Yuen Club, reopened July 1; "101 Club," reopened on July 1; "Lucky Ballroom," formerly the Chow Yuan House, reopened July 2; the Hu Li Company, opened June 20; and two places which do not have names, one located at 71 Zung Zoa Li, off Jessfield Road, first opened, May 27, and the other, a place located at 82 Sung Kong Li, which opened on June 20.

As stated in a previous reference to the Japanese action in closing resorts on June 15-16, it was immediately rumored that the proprietors were informed they could reopen "if they paid a special tax of $100,000," Since the Japanese officials refused to make guarantees against future closure, the proprietors decided to close temporarily while further negotiations were held.

Shanghai Utilities Grow Despite Costly Operation

BY JOHN AHLERS

(This is the second article in a series on Shanghai's major industries. The first appeared in The China Weekly Review last week.)

THE most important if not the largest of Shanghai's industries are the public utilities, in second financial place to the dominant local cotton business. Since the former municipal power plant was sold to the present Shanghai Power Company, almost 10 years ago, all the International Settlement's public utilities are owned and run by private business corporations. Investments in these utilities are considerable. In local currency of present exchange value, they represent about $1,000,000,000 on a Sterling basis, but about $1,300,000,000 on American dollar basis. A large portion of this capital, though no longer the major portion, still is owned by local residents.

The past three years of war in China has not bestowed upon these enterprises the benefits of a boom similar to that experienced by the cotton industry. The local utility companies frequently are suspected of being Number One War Profiteers, and not a few local residents are fond of repeating the old allegation that the International Settlement is run in the interest of these companies. Such views are mistaken. A study of the facts will reveal that the Shanghai utilities suffered from the war and its consequences; that their situation is precarious as compared with a few years ago; and that their profits are but very small in relation to the huge investments involved.

The most recent Shanghai industrial boom which was halted but a few weeks ago had favorable effects, it is true, upon the local utility companies. Sales of power, water and gas in Shanghai last year, were larger than ever bfeore; tramways experienced an all-time high record of traffic; and telephone calls were close to the pre-war record high. This development was the more remarkable since only the gas company was benefitted by much increased sales in Japanese-occupied territory while activities there of the other utility enterprises either remained very restricted or could not be resumed at all.

Except for Shanghai Telephone, the Shanghai Municipal Council authorized all the utility companies to increase their rates sharply, and in some instances more than one rate increase was effected last year. The result was that gross revenue of all the utility companies experienced a huge increase mostly to figures unprecedented in pre-war times. Operating revenue of Shanghai Power, for instance, soared from $24,959,104.75 in 1938 to $51,203,076.40 last year. In the instance of Shanghai Telephone, the rise was from $7,324,176.95 to $10,693,081.85, while Shanghai Waterworks' working revenue jumped from $5,262,860.87 to $8,057,100.01.

It is such figures which to local public opinion seem to suggest extraordinary prosperity of the public utility companies. Operating expenses, however, also increased very considerably. They rose in the case of Shanghai Power from $16,780,773.92 in 1938 to $38,505,184.18 last year; in that of Shanghai Telephone from $4,856,870.52 to $6,474,165.49; and in that of Shanghai Waterworks from $2,701,270.75 to $3,737,634.01. Local utility business is particularly susceptible to foreign exchange fluctuations since all Shanghai utility companies to large extent depend on foreign supplies of fuel, machinery, and all sorts of materials. Shanghai Power, for instance, is today compelled to rely to a great extent upon Indian coal, now ten times more expensive than in pre-war times although China's dollar is still worth 20 percent of its pre-war exchange value. Before the war, the cost of coal formed 41 percent of Shanghai Power's total operating expenses; last year this percentage increased to 64 per cent; and of late it has reached almost 80 per cent. Fuel cost of Shanghai Gas last year had increased to 40 per cent of operating expenditure, and continued to rise this year.

Yet expenditure on the operation of local utilities did not increase during the year to the same extent as operating revenue and consequently surpluses, too, substantially increased. Gross income, constituted of operating revenue less operating expenses, increased from 50 to more than 100 per cent. These large increases accumulated in local dollar value only. As expressed in foreign exchange, there are either no increases worth speaking of, or actual reductions in gross income. The only one of the Settlement's utility companies that makes out its whole balance sheet in foreign currency is the Shanghai Electric Construction Company managing the tramways. This company's sterling balance sheet for last year as compared with 1938 shows a decrease in traffic receipts as well as in gross and net income; as expressed in American currency the reductions would be much larger. The other utility companies present their accounts in Chinese paper dollars though two of them calculate at least their capital in foreign currencies. None of these companies has yet carried out a book appreciation of its investments' actual value. Shanghai Power nominally values its plant, property, franchise, etc. at but $157,000,000 while the real value of these assets is more than four times as large and surpasses U.S.$45,000,000. Shanghai Telephone accounts for its property etc., as worth $51,000,000 while the real value is U.S.$12,000,000. As compared with the real current values of the local utility companies' investments their gross income last year was extremely low, ranging from but 1.5 per cent to no more than 3 per cent in the case of all the companies concerned.

These gross incomes, of course, are not yet profits. Out of them have to be paid large amounts of interest on debentures or bank overdrafts and loans, and also have to be made reservations for renewals and amortization. Most of the local utility companies would have no money available for profit distribution if those reservations were made to the full pre-war extent. The China General Bus Company just now has to provide for far-reaching renewals of rolling stock and consequently was unable to distribute a dividend for last year. Net profits of the other utility companies are unsatisfactory from the point of view of stockholders, in particular when those profits are compared with the earnings of cotton, dockyard, shipping or insurance companies, and when the depreciation of Chinese national currency is taken into account. Dividends paid for 1939 by Shanghai utility corporations ranged from five to eight per cent of the nominal share values, but only from 1.5 to 2 per cent of the genuine value of the utility shares.

Shanghai Electric Construction's (trams) five per cent Sterling dividend was the best of all utility dividends but was still unsatisfactory for the following reasons; the dividend rate was 3 per cent lower than the year before; free Sterling had depreciated by more than 30 per cent over the previous year; and the company had again to dip deep into its reserves to make possible this distribution. Shanghai Electric Construction for the past several years has been compelled, to maintain dividend payments and at the same time to provide amply for renewal, to tap its reserves which consequently dwindled from £118,271 in 1936 to £40,868 at the end of last year. Shanghai Waterworks paid for 1939 a slightly higher dividend total than for 1938 but carries

forward dividend deficiencies of four per cent on "A" shares, of three per cent on "C" shares, and of two per cent on "B" shares. Shanghai Power's balance sheets for years past have not made provision for payment on the company's U.S.$7 second preferred stock of cumulative dividend which at the end of last year amounted to U.S.$683,023.25. In these circumstances it is not to be wondered at that utility shares do not play a prominent part in local Stock Exchange transactions. The Shanghai Stock Exchange during the second half of June rated Bus shares but 30 per cent above the nominal pre-war value, Gas shares some 70 per cent higher, and Telephone, Tram and Waterworks shares between 160 and 175 per cent of nominal pre-war value.

Facts are that currency inflation and devaluation at Shanghai unfavorably influenced the business of local utility companies. The higher nominal revenue and earning figures hide the fact that returns on the real value of the investments concerned have sharply decreased, that profit distributions have declined or disappeared, and that the accumulation of ample reserves is greatly jeopardized. At Shanghai as elsewhere it has been shown that utility companies, next to real estate corporations, in times of currency depreciation and price level increases, experience the greatest difficulties in adjusting charges for their services to changed conditions. Their revenue increases are liable to lag behind their increases in operating expenditure, and the general public is always opposed to accepting higher utility charges even where commodity price increases are easily put through.

There are now six big utility companies operating in the International Settlement of Shanghai. An approximate idea of their comparative strength and importance may be obtained from the following table showing the approximate book value of pre-war investments of these companies in Chinese dollar figures of 1936:

Shanghai Power	$152,500,000
Shnaghai Telephone	$ 43,600,000
Shanghai Waterworks.....	$ 33,600,000
Shanghai Electric Construction	$ 13,500,000
Shanghai Gas	$ 10,700,000
China General Bus	$ 5,000,000

The two first and most important of these companies are American-owned, with the bulk of their shares held by large concerns in the United States. They form the largest individual American investments in all China and account for almost one quarter of total American investments in this country. The Shanghai Power Company, as an investment as well as for its general local business importance, is far more important than all the other utility companies together. It occupies one of the key positions in Shanghai industries. The public is used to thinking of the company chiefly as a supplier of power for light, refrigerator, cooking, and air conditioning purposes. Actually this field is but a very minor business branch of Shanghai Power which sells 80 per cent of all its power to local industries, and earns more money per unit of industrial power sold than per unit of power distributed to offices, residences, amusement establishments, etc. Shanghai Telephone, at a considerable distance, comes next and is closely followed by Shanghai Waterworks, with tramway, gas and bus companies occupying the last three places in the order of their comparative importance. The last four of these companies are British-owned, with Shanghai Waterworks and Shanghai Electric Construction incorporated in England, Shanghai Gas incorporated in Hongkong, and China General Bus incorporated under the Hongkong Ordinances.

From an early period of their military occupation of Shanghai's Chinese-administered districts and of the International Settlement's Eastern District the Japanese systematically encroached upon the franchise rights of Settlement utilities by setting up competitive utility companies of their own, based mostly upon confiscated Chinese public utility properties. Such Japanese companies are the Central China Water & Power Co., the Central China Telephone & Telegraph Co., the Central China Urban Motor Transport Co., and the Greater Shanghai Gas Company—all subsidiaries of the semi-official Japanese Central China Development Company. Of these companies, the Central China Urban Motor Transport Company appropriated to itself the exercise of the China General Bus and the Shanghai Electric Construction companies' franchise rights north of Soochow Creek which action very unfavorably affected both these British corporations. The two American companies are much less affected because their Japanese competitors are but small and financially weak, and even big Japanese interests generally prefer the services of the American companies. Shanghai Power produces more than ten times as much power as Central China Water & Power is generating locally. Shanghai Telephone controls here 80,000 telephones against its Japanese competitors' 6,500 in all of Central China and the Greater Shanghai Gas Company started in August last year the construction of a gas plant which is scheduled to start production this summer and will leave the company's Japanese competitor far behind.

How to Fight the Nazis

BY JULIUS KAIM

GENERAL Maurice Duval, French aviation expert and World-War veteran, declared recently that a Fifth Column composed of all types of agents had paved the way to the German military triumph in France. It is evident, however, that a Fifth Column acting behind the French lines could not be composed of German citizens, but that sympathizers of French and "neutral" nationality must have worked for the Nazi cause. That there were adherents of a Nazi-French cooperation even in different ministries, the Foreign Ministry included, was known as early as the summer of 1938, but nobody in France believed that those followers of the Hitler system would ever act in wartime against their own besieged country and its heroically fighting army. However when war finally came and France was endangered. These traitors did not hesitate for a minute to provoke a military disaster in order to reach their goal, namely to make France a dependent ally of the Third Reich. It is from this point of view that the situation of the hour must be considered.

While the world has learned much about the activities of the so-called Fifth Columnists, pioneers of a world-wide German hegemony, only scanty news has been available of anti-Nazi movements. There are, of course, several groups of anti-Nazi organizations in both hemispheres but, up to the present time, they are persistently refusing to enter into a close cooperation with each other and to copy the pattern of the world-wide Nazi organization. Let us suppose for a minute the situation different from what it is, that Hitler had been obliged to leave Germany and to form a new government abroad. There is little doubt that within a few hours, he would have found the full support of his adherents, and that Nazis of all nationalities would express their desire to be at his disposal. They would work for him in Europe, in Asia, and in America, they would not hesitate for a moment, for their vast organization has been built up for fighting against all governmental systems other than German controlled National-Socialism.

On the other hand, however, it must be admitted that no similar action can be expected by the different groups of "democratic" people. When the French General de Gaulle issued his anti-Pétain proclamation, the world waited several days in vain for news that leading anti-fascist men and groups were supporting him. Place Hitler or Goering in the French General's situation, and the world would at once learn the names of many a known politician willing to support the Nazi aim.

It is true, however, that many of Hitler's adherents the world over are in a much better situation than are his adversaries. So far as Central Europe is concerned his adversaries are either under lock and key or under the severe control of the feared Gestapo, the German Secret State-Police. Regarding his communist adversaries, they, too, are out of the picture due to Stalin's treaty-policy, while all "democratic" enemies of the National-Socialist ideology the world over are only fighting in their respective fatherlands. On the other hand, Hitler's men are free. Nobody ever hindered Mr. Degrelle, the Belgian Rexist, from acting in favor of his master; the Nazi agents in Norway and Holland have enjoyed full liberty; many a noble lord in England may be looking forward to the day when Hitler will be master of the Island; General J. B. N. Hertzog and Dr. Malan, South-African fascist leaders, can quite frankly work for Hitler's purposes. They all are using individual liberty and democratic systems in order to fight against liberty and democracy, and although the nonsense of such a self-contradictory democracy has been plainly enough proved in so many countries, only little objection has been raised in states still enjoying "democratic" liberties.

"Winning the Neutrals"

American Observer

This picture, taken by a Nazi cameraman when Warsaw was bombed, was labeled 'Baptism of Fire." Films showing this and other scenes of the German "blitzkrieg" were distributed in neutral countries and thus indicated to the people what they might expect in the event they resisted the Nazi onslaught.

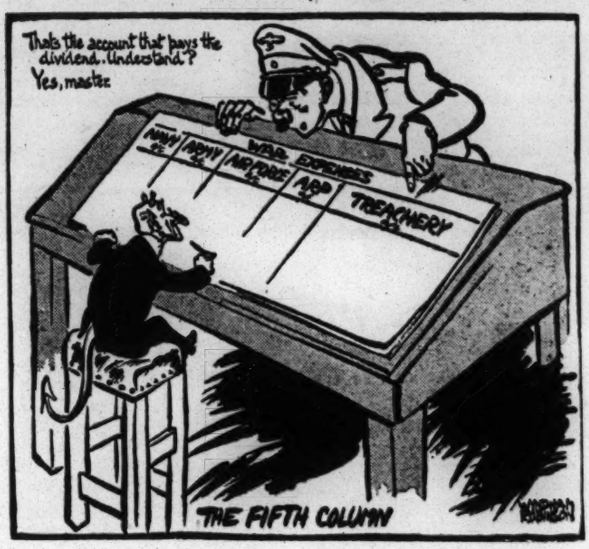
This fact has, no doubt, resulted in ever new advantages for the Nazi-followers and has handicapped their adversaries.

Thus the unstinted triumph of the Dictator has, after all, not only been reached through the doubtless military superiority of the well equipped and gallant German troops, but, at the same time, by the international work of Hitler's international political supporters and by the liberty they enjoy in their respective countries. The national-socialist policy has, so far as its helpers are concerned, always been one of vast conceptions while most of its antagonists have followed narrow-minded and pettifogging ideas. Reports from France, England, and the United States prove that even after the outbreak of the war, anti-fascist collaboration with "non-citizens" from other countries, has not been accepted by some authorities, and while pro-fascist citizens have enjoyed full liberty, the work of foreign anti-fascists has been condemned and some of them have even been sent to camps or prisons. Most of those persons have, of course, had special knowledges of the fascist methods of decomposition-work. They have observed them in Germany, Austria, Czechoslovakia, and Poland, and have learned the systems used by Nazi-agents.

The National-Socialist leaders, on the contrary, have made good use of their followers for more than

a decade. Years before Hitler became the German Chancellor, his lieutenants built up their organizations in Central Europe, the former German colonies, the South-African Union, and in South America. For them the first condition for close cooperation has, of course, not been that the helper be of German descent but that he be a real adherent of fascist ideas. Neither is Sir Oswald Mosley a German nor have the Nazi-leaders in

Hitler's Best Ally—Treachery



London Star

Norway, Holland, Hungary, Rumania, Eire, and many other countries been of German descent. They all have only been unified by the one conviction that National-Socialism must become a world-power and that Hitler is the man to build up a new order of the world under his leadership.

There are many parallels between National-Socialism and Communism in the technique of international organization. The two ideologies themselves are quite contradictory to each other. And while the Communist movement has never been built up on political personalities such as Lenin, Stalin, or Trotzki, the National-Socialist world-wide policy has always been based on Hitler's personal activity. Hitler is not the "Lenin" but the "Marx" of National-Socialism. He has founded the National-Socialist ideology, has built up the international organization but, in spite of all that, he has never made a secret of his intention to reach a world-domination by German National-Socialism.

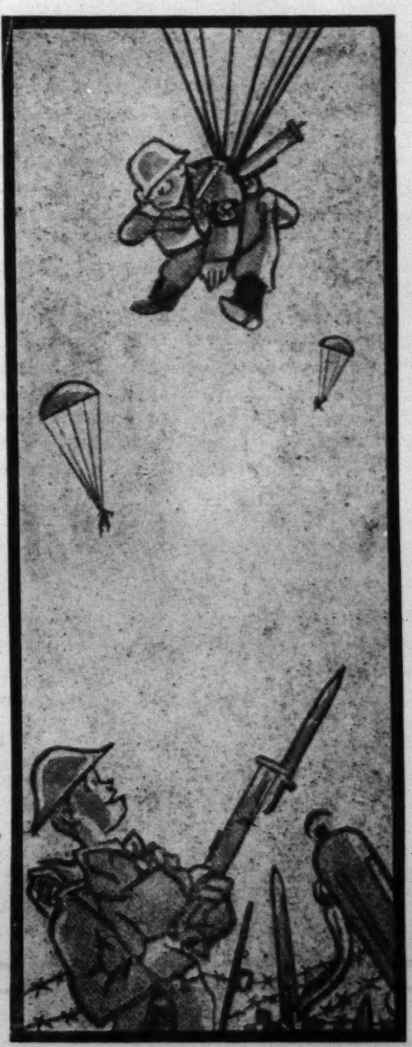
Thus the only real parallel between the two antagonist movements is that both are based on international work and that, therefore, neither nationality nor citizenship are decisive factors. Only personal convictions need be the basis of collaboration.

As long as those, who are supposed to be antagonists of fascist ideologies and practices, fail to find a common platform similar to that of Hitler's organization, National-Socialism will, no doubt, gain new successes. From its very beginning, Hitler's movement was based on "organization." When Der Fuehrer came into power all had been prepared. Disposing of his own armed forces, he started at once the re-grouping of the State, the decomposition of Austria, and the building up of a new world-wide policy. Nothing was forgotten. By becoming Chancellor, Hitler was, at the same moment, Fuehrer of many thousands of National-Socialists other than Germans and the powerful leader of an international movement.

The cardinal question for those who, in spite of France's breakdown, still oppose a fascist world-domination, seems to be whether there is still a possibility to build up a real international cooperation of anti-fascist groups and personalities. Years have been lost. Decomposition, as has been proved by General Duval's statement, has reached an advanced stage. Ever new activities of Fifth Columnists are discovered in the United States and in South-America. Almost the whole of the European continent is under the control of fascist personalities. The Nazi-chances of international collaboration are now, doubtless, still greater than they were before the collapse of France. Nevertheless, there is still a little time for the erection of an international front including all anti-Nazi forces. But only men of important position and controlling all necessary power will be able to become the practical pace-setters of such a movement.

Fear broods over the world since the French capitulation. Nobody can forecast what else will happen during the coming weeks, and although fear is, by no means, an unmanly feeling, it is none the less dangerous. Many a man now seems convinced that no power in the world will be able to stop Hitler's triumphal progress. When Poland had been conquered after a few weeks of fighting, people thought it no great success to invade a country which did not dispose of strong fortifications. Then, however, Norway was conquered, followed by Holland and fortified Belgium. Then France was beaten within a few weeks in spite of her great army and her fortifications. It was in that very moment that the moral resistance of most people weakened and that fear resulted in the despondency of thousands of men. Attacking National-Socialism seemed a hopeless adventure.

Better Go Back!



London Daily Express

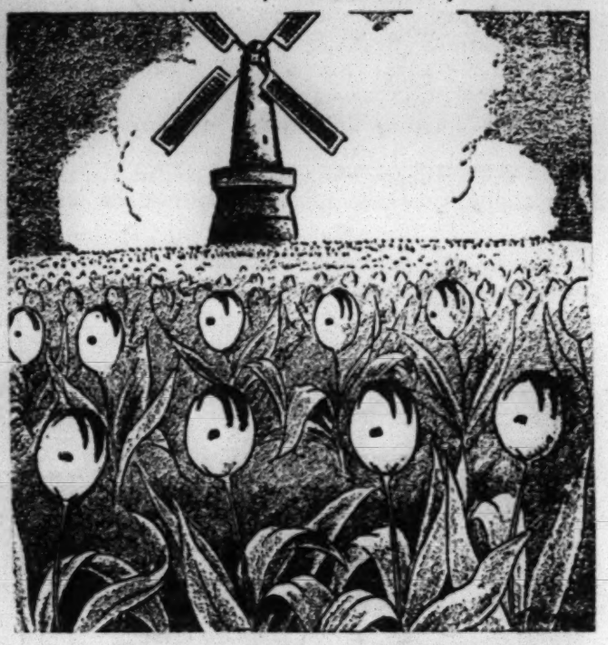
British Tommy: "What's the matter pal, changed your mind and want to go back?"

It is evident, however, that Hitler did not win his battles by strong military force alone, but that the ground was well prepared by his admirers. Reading the publications of his apostatized ex-lieutenants, one

will easily comprehend that Hitler has always reckoned with that help, and that he has considered "peaceful infiltration and decomposition" one of his most powerful arms. Not less important has been that weapon than his tanks and bombers.

Restoration of confidence and collection of all forces willing to stop the progress of Nazi power now

Tulip Crop—1940 Variety



Elderman in Washington Post

The cartoon refers to one of Holland's chief crops —tulips and tulip-bulbs—all of a strange type this year.

seem to be the first conditions of the strengthening of the will of resistance. But, up to the present time, no such organization has been founded. The good old household-remedies will not help much. Hitler and his staff have always been masters of new ideas and new means, and there is no doubt that in order to resist those new forms of policy the old ways must be abandoned. There are still many possibilities but there is not much more time.

Japan's "Short-Circuiting" of China Was World's Worst Tragedy

DR. Julean Arnold, U. S. Commercial Attache, was authority for the declaration that the "short-circuiting" of China's modernization program in 1937 "constituted one of the great tragedies of history." Dr. Arnold's reference, of course, was to the Japanese invasion of this country three years ago, which has resulted in discontinuance of the modernization program in large areas of China which are under Japanese military domination.

Dr. Arnold's address was delivered before the graduating classes of the East China Christian Colleges and Universities, held on Saturday, June 29. He stated that China was well on the road to modernization and the country was an alluring picture of potential trade prospects, because the ramifications of the development program was affecting every aspect of Chinese life. Of special significance was the improvement in China's communications facilities. The plans, being rapidly put into effect, included the building of thousands of miles of railways and hundreds of thousands of miles of highways. He declared, "New airlines were linking up remote sections and making it possible to cover in hours, distances, which previously had required days and weeks. Radio, telephones and telegraphs were rapidly knitting the country together. Newspapers and periodicals were becoming important factors in national unification. Modern industries were springing up everywhere; smokestacks were becoming familiar landmarks in interior cities and towns. Conditions among the rural masses were improving . . ."

Turning to educational development, Dr. Arnold declared that "college and university buildings were becoming more common than pagodas and temples . . most hopeful sign was the prominent position given to education for women. No other country in the Orient had made such marvelous strides in according women opportunities for modern education than had China. . ."

But this remarkable program of progress in large sections of the country was "short-circuited" by the Japanese invasion in the fall of 1937. There was only one bright spot in that entire picture, declared the speaker, and that was an indirect result of the Japanese invasion. The hostilities in the coastal and river regions caused the gospel of progress and modernization to spread to the more remote sections of the great West. Tens of thousands of educators and administrators have—because of the hostilities—trekked into the remote hinterland and have acquainted themselves with conditions heretofore unknown, their presence has provided a salutary influence in breaking down provincialism in backward regions.

Dr. Arnold stated, however, that it could not be overlooked that colossal losses in the economic field, due to the ravages of war, were bound to cripple seriously the ability of the country to provide capital resources for modernization projects.

Following this none-too-hopeful picture of conditions engendered by the war, Dr. Arnold told the students that it "remained for the youth of China to do all in their power to promote their country's advancement" . . Quoting Dr. Karl T. Compton of Massachusetts Institute of Technology, Dr. Arnold said that Chinese students rated higher in scholarship than students of other nationalist groups, including Americans. However, Chinese students were under certain handicaps. They still harbored false ideas regarding the "saving of face," they needed training in teamwork and the spirit of sportsmanship. Elaborating his ideas regarding the element of "face," Dr. Arnold urged the starting of an "Anti-face" move ment, to the end that false ideas of "face" be eliminated so as to make more effective team-work possible.

Dr. Arnold also urged upon his listeners the adoption of a more optimistic attitude. "There is a big need for boosters in China today," he said.

The Commencement exercises were held in the Grand Theatre and were opened with a selection by the band of the U. S. Fourth Marines. Dr. R. J. McMullen, president of Hangchow University-delivered the invocation, which was followed by the opening add, ress delivered by Dr. Y. C. Yang of Soochow University. Following Dr. Arnold's address, an address to the graduating classes—numbering some 500— was delivered by Dr. F. L. Hawks Pott, president of St. John's University. Dr. W. B. Nance, acting president of Soochow University awarded the graduation certificates. Others participating in the exercises included Dr. T. K. Van of the University of Shanghai; Mrs. Chen Hwang Li-ming acting dean of Ginling College; Mrs. C. C. Cheng chairman of the board of Women's Christian Medical College; Dr. R. J. McMullen.

Dr. F. L. Hawks Pott, president of St. John's, one of the most widely known educators in China, speaking as the senior president of the universities represented, said that all were standing at a critical stage of world history. There were signs of death and destruction everywhere, he said, adding that the world would need youth who knew how to do things. A great responsibility rests on all today and unless "we shoulder it willingly we would place in mortal danger our way of life and sacred cause of human freedom. If we fail in this responsibility," he declared, "we would fail the generations that went before us and posterity.

Returned Student Kills Self Due to Japanese Seizure of Property

Sun Shih-tsen, 48-year old Chinese engineer, a returned student from the United States, committed suicide on Wednesday, June 26 by jumping from the fifth floor of the Chinese Y.M.C.A. on Boulevard de Montigny, French Concession. Mr. Sun had visited a friend who lived in the dormitory and while awaiting his friend's return, apparently decided to jump from the window of the room. While Mr. Sun left no letter explaining his action, his friends and relatives attributed his suicide to worry over the loss of his life work as chief engineer of the Amoy Power Company, which he had organized and operated for several years. He was forced to relinquish his post and suffered serious losses as a result of the Japanese seizure and confiscation of the plant when Amoy was occupied by the Japanese several months ago. Mrs. Sun, who is in Shanghai, was prostrated when informed of the tragic death of her husband. Following an inquest at the Second Special District Court, the body was turned over to his elder brother who resides in Shanghai. Another brother is chairman of the Chinese Chamber of Commerce at Foochow. His family is well known in Fukien province.

Britain Abandons Channel Islands as Blitzkrieg Nears; Russia Carves Up Rumania

WAS MARSHAL BALBO KILLED IN ACTION — OR MURDERED?

Great mystery surrounds the death of Marshal Italo Balbo, Governor-General of Italy's African colony of Libya, which occurred June 28. According to Rome, the airman, who achieved fame some years ago by commanding mass flights to America from Italy, met his end when his plane crashed in flames over Tobruk, north Africa, during combat with planes of the British Royal Air Force. British official sources denied that any R.A.F. planes had engaged any Italian machine at the place and time claimed by Rome.

When Balbo was made Governor-General of Libya several years ago, it was rumored that he had been shunted to that post by Premier Mussolini because his popularity made him a potential political rival of Il Duce. In Libya, Balbo made a reputation as a good administrator and there are those who believe that his hold there was so firm that Mussolini decided to get him out of the way. There are also rumors that Balbo opposed Italy's entry into the war on the side of Germany.

With Balbo when his plane allegedly "crashed in combat" were a number of high Italian army officers and Fascist officials. All were killed, together with the entire crew—leaving no one to tell the tale of what actually happened. The plane, it appears, was a big transport machine and the question has been asked: How did it happen that Balbo, in a plane of this type, should have gone into combat against R.A.F. planes? Governments do not usually permit high officers to risk their lives in minor combat operations.

Analogy has been made—by the Germans themselves—between the death of Marshal Balbo and the equally mysterious death of General Werner Von Fritsch, who reportedly met his end while on "patrol" during the Nazi campaign in Poland last year. Von Fritsch was as unpopular with Hitler as Balbo was with Mussolini and it was rumored that he had been shot by order of the Fuehrer. The German General was buried with military honors, but the fact that a ranking general should have been killed while on patrol—a job ordinarily assigned to officers of lower rank—created the suspicion of foul play, particularly since Von Fritsch was known as an opponent of some of Hitler's military plans.

GERMANY'S contemplated *blitzkrieg* against England moved a step nearer commencement this week as Nazi forces occupied the Channel islands of Jersey and Guernsey (homes of fine cows and tall cabbages) following their evacuation by British garrisons, which were withdrawn after announcement from London that the islands were being demilitarized. The British withdrawl was officially explained as due to the fact that possession of the islands would only complicate the home defense problem, while the islands would give Germany no military advantage which she does not already possess by virtue of her occupation of the French channel coast. Before withdrawing, the British removed all livestock from the islands and systematically destroyed the unharvested crops. The Germans heralded their occupation—according to British reports—by bombing the islands and their 50,000-odd inhaibtants, who are the first British subjects to come under Nazi domination.

With the fury of war terminated on French soil, and while Germany and Italy were putting the finishing touches to plans for the invasion and conquest of England, the center of political interest in Europe shifted temporarily last week to the Balkans, where Rumania, surrendering to a Moscow ultimatum, agreed to cede the provinces of Bessarabia and northern Bukovina to Soviet Russia. The transfer was effected this week with but little friction. Bessarabia, wrested by Rumania from Russia in 1918, is a territory of 17,146 square miles and had a population of about 2,400,000 up to this week. Large numbers of the inhabitants were reported to have fled inside Rumania's new frontier rather than come under the heel of Dictator Stalin.

Moscow's success in securing new territories from Rumania without a struggle, encouraged Bulgaria to demand the return of Dobrudja and Hungary the return of Transylvania. Great Britain, following the cession of Bessarabia and Bukovina to Soviet Russia, withdrew her "guarantee" to Rumania. King Carol's government followed this up by renouncing all ties with Britain and appealed to Germany to curb the territorial appetites of Bulgaria and Hungary. Chancellor Hitler, intent on his plans for the attack on England and apparently anxious to prevent a premature flare-up in the Balkans, told his Hungaian and Bulgarian satellites to wait. At the middle of this week it appeared that Rumania would lose no more territory—for the present.

All on One Hand

New York Times

When the Hungarian and Bulgarian demands were delivered in Bucharest, it was reported that Rumania had an army of some two million soldiers ready to repel any attempt at invasion. No attempt was made to use that army against Soviet Russia to prevent the grab of Bessarabia and Bukovina, and it is reasonable to doubt that it would have been employed against Bulgaria and Hungary had they used armed force to secure their territorial demands. The people of Rumania would be justified in asking why they should have been saddled with the cost of maintaining this huge force, if its only function is to retreat to new frontiers whenever a neighboring state makes a territorial demand. It is obvious,

of course, that the Soviets would have had less difficulty in crushing any Rumanian resistance than they had in getting their way in Finland. But from the recent experiences in Europe, with the experience of Rumania now added to the list, the conclusion seems inescapable that the small states might as well spare themselves the burden of maintaining armies, for unless they band themselves together—something they have proved quite incapable of doing—they have no prospect whatever of maintaining their territorial integrity against powerful neighbors.

While Soviet Russia was making her newest grab at the expense of Rumania, developments elsewhere were emphasizing the growing isolation of Britain in face of the imminent Nazi invasion of England. General Mittelhauser, commander of French forces in Syria,

Troubled Waters

New York Times

announced the "termination of hostilities" against Germany, thereby lining up with the puppet French government rather than with the French National Committee in London which is headed by General de Gaulle. There were, of course, no hostilities to be terminated in Syria. General Mittelhauser was simply announcing that French-mandated Syria was quitting the war and would not be used as a battle-ground between England and Germany. He justified this desertion of Britain on the ground that the German-French armistice terms in no way disturbed the status quo of France's colonies. Reading the General's mind, one might say that his decision was influenced by the conviction that Britain is doomed to defeat. No one cares to adhere to what he considers a hopeless cause. General Mittelhauser was no doubt also influenced by the state of mind of the French army in Syria which he commands. There were reports that the soldiers, learning that the war was over in France, were demanding that they be demobilized and sent home.

The French army in North Africa, commanded by General Nogues, has likewise withdrawn from the conflict in which it never participated. Whether there will be defections from the British cause by other French overseas territories remains to be seen. But the two defections that have already taken place are by far the most important. Britain is now left to face Italy alone in the Mediterranean while Germany attacks the citadel of British power. If Franco's Spain should drop from the neutral fence and join with Mussolini's Italy, Britain's plight in the Mediterranean would be parlous indeed. The whereabouts of the French fleet is still quite a mystery. Some units of the French navy in the Mediterranean are reported to have joined the British fleet. Other ships are reported to have gone to England. How many French warships are in France's Atlantic ports is not known. It is in any case to be doubted whether the British cause will derive any very substantial advantage from having certain French naval units under British command. Strategically, Britain's position is now about as bad as it could be, and in his contemplated invasion of England Chancellor Hitler seems to have discounted in advance the value of his enemy's naval forces as an obstacle to his further progress.

The French government of Marshal Henri Petain departed this week from Bordeaux for Clermont-Ferrand, preparatory to another removal to Paris, for which application has been made to the German Armistice Commission. Draconian regulations have been imposed on the whole French population by the German military, whose edicts are to be implemented by the Petain government and its local administrative organs. Among other things, in order to harness French industry to the Nazi war machine, French workmen have been prohibited from leaving their employment and from transferring from one factory to another. Similar laws had been enacted by the Reynaud and Daladier governments before France capitulated. Now they will have the added force of the German firing squad, for the death penalty is prescribed for violators of regulations.

Hitler Conquered 3 Countries While U. S. Discussed Naval Bill

Charles Edison, retiring Secretary of the Navy, stated on June 24, day of his departure from Washington, that Hitler had completed the conquest of three countries, Belgium, Holland and France, while the U. S. Congress was discussing the rearmament bill and the accompanying appropriation measure. Remarking that he considered the handling of these important measures "generally efficient," he xtated that the appropriations bill was ready in December, 1939, but was not approved until June 10.

The Navy Department announced on June 25 that it was ready to award contracts for 68 warships which will cost US$750,000,000, "as soon as President Roosevelt signs the Vinson Naval Bill." The contracts for naval construction will include three aircraft carriers, four heavy cruisers, nine light cruisers, 30 destroyers and 22 submarines, in addition to 23 other vessels costing US350,000,000 for which contracts already have been awarded.

As a result of new conditions occasioned by the development of aerial warfare, it was announced that Admiral E. J. King, commander of Fleet Aircraft, has been assigned the job of designing a new superstructore for battleships to withstand aerial attacks. It was reported that 100,000 men are now employed on warship construction, which is double the number employed a few months ago.

The Senate, June 20, approved the gigantic Army and Navy rearmament appropriation bill amounting to US$1,777,489,788. The accompanying tax bill is designed to raise US$1,700,000 annually. It involves an increase in income tax rates and creates 2,190,000 new taxpayers by reducing tax exemptions of unmarried persons from $1,000, to $800 and married persons from 2,500 to $2,000. Additional special taxes, designed to come into effect "only in the event of war," would yield and estimated US$8,000,000,000 annually. Corporation income taxes will be raised on a graduated scale, up to 22 per cent, to provide additional revenue and also to eliminate the creation of "war" millionaires.

The new naval program, when completed in five to seven years, will provide the U. S. Navy with 837 ships, of which 200 are still to be constructed. The program is designed to give the country a two-ocean navy larger than the combined British and Japanese fleet of to-day.

The rearmament measure contains a provision permitting the President to prohibit the sale of essential machine tools and military equipment to foreign nations. The President is also permitted to expend US$132,000,000 to acquire strategic war materials and allow the War Department "to award contracts without competitive bidding."

President Roosevelt announced at his press conference on June 22 that a special Bureau of Ships had been created in the Navy Department in order to speed up construction. A new post of Under-Secretary of Navy also had been created to assist the new secretary, Col. Frank Knox. The President announced that the

new aircraft carrier, to cost US$60,000,000 would be built in the Norfolk Navy Yard. The Government reorganization bill merges the Bureau of Engineering with the Bureau of Construction as well as the office of the chief of the Bureau of Engineering to form the new Bureau of Ships. The chief of the new bureau, to be selected by the President, will hold office for four years.

A bill has been presented to Congress for compulsory military training, which if enacted, would require registration of 40,000,000 men between 18 and 65 years of age on a selective draft basis.

President Roosevelt, on June 24, ordered a discontinuance of negotiations for the sale of old-type destroyers to Great Britain. The action was taken due to opposition in Congress.

Dispatches from Washington on June 27 stated that the U. S. Navy had begun work, or was ready to begin construction on practically all of some 40 naval and air bases in the U. S., Alaska, Carribean and in the Pacific. Construction was recommended in the famous Hepburn Board Report two years ago. Expenditures to date already exceed US$200,000,000. The Hepburn Board report recommended immediate work on 25 naval and air stations outside continental U.S. About $15,000,000 has been expended on bases at Midway, Johnson and Palmyra Islands, and a further sum of $15,-000,000 will be required to complete the jobs, according to the report. The controversial Guam and Canton Island bases and the Rose Island base are still under discussion.

The Senate Millitary Affairs Committee, on Tueaday of this week, approved the nomination of Col. Stimson as Secretary of War in President Roosevelt's Cabinet. The nomination of Col. Knox as Secretary of Navy was still under consideration of the Naval Affairs Committee on Thursday. Senator David Walsh, Chairman of the Naval Committee stated that he had been informed by high naval officers that the U. S. Fleet alone could not prevent Japan from seizing the Netherlands East Indies. Col. Stimson in his testimony declared that if it became necessary from a national defense standpoint, particularly in the Pacific, he would favor giving British and French Warships haven in American ports, "neutrality of no neutrality."

Legal Status of the French Concession

BY ANNA GINSBOURG

"A scared crow is afraid of a bush!" The atmosphere of uneasiness, swept over Shanghai at the news of the transfer of the Siccawei zone from the French authorities to Japanese military commanders can be well characterized by this popular maxim.

In peace time this would have been considered a perfectly natural gesture. The French began policing the territory in question at the request of the Japanese at the outbreak of the Sino-Japanese War in 1937 as a precautionary measure against the influx of Chinese soldiers into the French Concession and upon an understanding that sooner or later the zone should be returned to the Japanese. However, in the light of recent happenings in Europe the agreement between the French and Japanese authorities to this effect was popularly interpreted as "giving up" of the Concession by the French, and as such caused anxiety to the public.

There can be no denying the fact that there are good reasons for misgivings. France's loss of prestige in Europe is being utilized by Japan in the most advantageous ways. She has succeeded in impeding the supply of Chinese war materials through French Indo-China, by all means an important gain! She is exercising pressure upon the French Municipal Council regarding the suppression of anti-Japanese activities in the French Concession, and an agreement to this effect has been reached. And Japan is playing up to certain national groupings, White Russians, for instance, aiming at gaining their sympathy and support, which may become handy, as the Russians make up 80% of the foreign population of the French Concession.

All this is menacing enough, it is true. But the question is whether Japan *needs* taking over the Concession at this juncture, whether she really wants it. This point is worthy of analysis.

By the Treaty of Whampoa, signed on October 24, 1844 by France and China, the former received the right of trading in five Chinese ports of Canton, Amoy, Nanking, Foochow and Shanghai, and the same treaty stipulated that French citizens be given the right of residence in certain localities of the above mentioned ports. Such localities, it was understood, were to be extended should the need for it arise, and in view of the above M. de Montingy, French Consul, negotiated an agreement with Tao-tai Lin in 1849, which virtually established the French Concession in Shanghai. As announced by Taotai Lin on April 6, 1849, the French Concession extended over the territory between the Tang King Pang creek and the Chinese city, the distance of 50-60 hectares in all.

in 1861 the southern border of the Concession was moved to Marche de 1'Est, which was its first extension.

The second extension, to the West this time, was negotiated in 1898-1900, and it brought the border of the Concession to Kuo-kaza village. The territory beyond this limit, up to Siccawei, which was known for some time as "extra-concession," was formally incorporated in the Concession in 1914 in result of an agreement signed by M. Kahn, the French Consul General and the Chinese Government.

At present the French Concession occupies the area of 1022 hectares, which is about 6,7 kms long (from East to West) and about 2,4 kms wide (from South to North). Its eastern border is Whangpoo River, in the south it borders Siccawai creek and Chinese city, its western limit is Avenue Haig, and it is separated from the International Settlement by two important thoroughfares-Avenue Foch and Avenue Edward VII.

In 1900 the population of the Concession numbered only 92,268 people, of whom 622 were foreigners. In 1915 it increased to 149,000, including 2405 foreigners, in 1934 it was already 498,193, with 18,899 foreigners, and today it reaches the figures of 1,055,945 people of whom 26,900 are foreigners.

The French Municipal Council, which is in charge of the administration of the Concession, was organized on April 29, 1862, but its bye-laws were enforced and promulgated six years later, on April 14, 1868. They were approved by a diplomatic convention, signed at Peking on September 24, 1869 by representatives of the Great Britain, the United States, France, Russia and the Union of German States. The order of administration of the French Municipal Council is additionally governed by The Rules of Municipal Organization and The Rules of the Meetings of the Council, published in 1927 and modified in 1929.

The steady growth of the population of the French Concession in normal times and especially the influx of Chinese refugees at the outbreak of the Sino-Japanese War imposed augmented responsibilities upon the French Municipal Council, both in the matters of administration and defence. The Concession provep not only a haven of refuge for thousands of destitute refugees, but became a centre of Chinese trade and industry. Charity was organized on a large scale, and relief work carried on. The French Jesuit, Father Jacquinot's zone alone saved thousands of lives from death and starvation in adjacent Nantao.

In spite of its overtaxed resources and the difficulties of administration, the French Municipal Council managed to balance its budget throughout the crisis years. Its ordinary annual budget amounts approximately to $20,000,000, but apart from it there exists also an extraordinary budget for new enterprises and a supplementary budget for the purposes of defence and relief. It is by making use of these two additional budgets that the French Municipal Council was able to dispose of about $30,000,000 annually in course of the last years, and it is no mean merit that it made the ends meet.

The disastrous results of European war drastically change the attitude of the French in the Far East. All efforts are being made to alleviate the situation at home by contributions in money and man-power, and consequently problems of administration and defence of the French Concession in Shanghai in the ever-complicated conditions of Sino-Japanese War are becoming still more acute. It is in result of this newly arisen situation that the French authorities were glad to return to the Japanese the guarding of the Siccawei zone, which involved expenditure, relief work and defense. In the present circumstances even the upkeep of a sufficient garrison for the protection of the French Concession presents a serious problem. The Japanese are, of course, offering "assistance," and the French are exerting their diplomatic tact to reject this "friendly gesture" without offending the "benefactor." The situation, hanging in balance at present, is quite clear from the point of view of the French: France is weak and must make the best of her weakness, namely, aim at maintaining the status quo as long as possible. This will of necessity involve concessions, which she is forced to make. M. Baudez, the French Consul General, known for his irreconcilable attitude towards the Japanese, has already left his post due to "poor health."

The present relations between the two powers are characterized as "friendly but tense." Japan may be depended on to break this tension at any time, but, apparently, she does not want to force the course of events, which anyway play in her favor. In the words of an important French official: "Japan, still deeply engrossed in the China campaign, regards the French Concession in Shanghai as an exceptionally delicious bit, which she keeps in frigidaire until the time when she would be ready to devour it at ease."

Chinese Government Clings to Chungking Despite Devastation

Monday (June 24) Tuesday, Wednesday, Thursday, Friday, Saturday; for six sucessive days last week hundreds of Japanese naval planes swarmed over Chungking dropping their bomb loads over wide areas of the capital and leaving behind much devastation but a progressively smaller amount of death as the inhabitants became conditioned by the roar and thunder to heed the first warning sirens without question, and when the "all clear" signal had begun sounding business was as usual booming in the shops left standing.

June 30 and July 1 brought heavy rain and fog to the mountain country and with it respite from air raiding, although to give the Japanese full credit a *Domei* report of June 29 declared that low lying clouds over Chungking had failed to deter the raiders on that day. Considering this admitted poor visibility in which the raid was carried out there can be no grounds to suppose that the Japanese planes tried to discriminate between military and non-military bomb objectives.

During the raids on June 26 and 29, the French Embassy building was badly shaken by near falling missiles. In the earlier raid the Soviet embassy was nearly struck while the Canadian Mission hospital and the Young Men's Guild were badly damaged by direct hits. The Methodist Mission hospital was hit and badly damaged on June 28 and the British Consulate tennis court ripped apart. On June 30 the British Embassy moved to the Japanese named safety zone on the south bank of the Yangtse.

Despite the airbombings, Chinese Government officials declared on June 29 following the 19th airraid of the year that no matter how badly Chungking was be destroyed, the seat of China's Government would not move. Chungking, they explained, is the nerve center of Chinese resistance and regardless of the severity and frequency of Japanese raids, the Government would continue to function there.

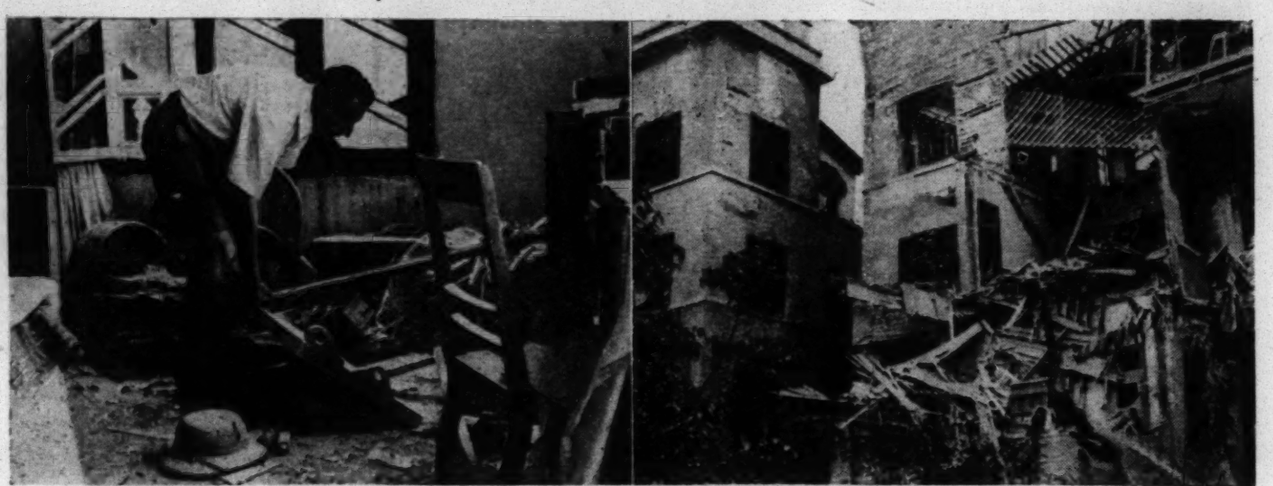
Japanese sources in Hongkong alleged that as a result of the recent series of severe Japanese aerial bombardments on Chungking, the 7th Plenary Session of the Kuomintang Central Executive Committee which was scheduled to convene on July 1, has been postponed. Many of the officials were said to have fled for safer areas and almost all of those who have left the city, refuse to return. Therefore, a *Domei* dispatch said, even if the session should be summoned, there will not be a quorum present.

Other rumors circulated by Japanese sources were to the effect that Foreign Minister Wang Chung-hui tendered his resignation on June 24 as the result of repeated and persistent attack on his diplomatic policy by Sun Fo and that 47 leaders of Yunnan including Gens. Li Lieh-chun, Li Ken-yuan and Lung Yun had urged Gen. Chiang Kai-shek to conclude a "rational peace" with Japan.

On July 1 a report was received from Hongkong that Mme. Chiang Kai-shek and her sister-in-law Mme. H. H. Kung had sailed that morning for Manila. The wives of China's leaders had fled to the British colony to escape the Chungking bombings. Mme. Chiang was reported to have been there since June 17.

Expanding their area of attack, the Japanese air raiders flew over Sianfu, capital of Shensi Province, on June 30. On the same day Chungking reported the despatch of a Chinese squadron to Ichang where Japanese troop concentrations were said to have been bombed.

Japanese Bombs Demolish German Home



Thomas Kwong Photo

The unremitting Japanese bombing of Chungking (the 19th this year took place June 29) has resulted in serious damage to third power property, particularly that of Germans. Left above is news correspondent Schenke of the German D.N.B. agency, surveying wreckage of his office-home. Right is an external view of Mr. Schenke's office after the bombers has passed by. The newsman was deep in the earth in his dugout when the raiders came.

Jewish Emigres Inaugurats Hospital in Hongkew

Jewish emigrees residing in Shanghai inaugurated their Jewish Refugee Immigrants Hospital at 138 Ward Road on Sunday morning, June 23. The opening was largely attended. Members of the Committee present included M. Speelman, Mr. and Mrs. D. E. J. Abraham, Capt. and Mrs. A. Herzberg, and Ellis Hayim. Guests included Capt. Inuzuka and Dr. Atsuki Sato of the Japanese Naval Landing Party. The opening ceremony was preceded by a prayer by the Rev. Mendel Brown, following which Mr. Speelman spoke briefly about the new hospital. He said that everything in the building had been constructed by members of the emigree colony in their own workshops. He said that about 13,000 emigrants were dependent upon the Committee for support. Dr. Otto Freud, superintendent of the hospital, stated that aside from its normal activities it would supply meals to more than 13,000 indigents, who would receive one meal a day, supplied chiefly by donations from abroad. The hospital has 40 patients at present and is equipped to accommodate about 90.

Japanese Make Further Gains In French Concession Control

Another step towards Japanese dominance of the French Concession was taken on June 27 when the French authorities agreed to Japanese cooperation in the extermination of political terrorists in the municipality. The agreement was reached as a result of representations made the preceding Friday by Major-General Saburo Miura, Commander of the Japanese gendarmerie and includes provision for joint search and interrogation of suspects.

On July 1 the Japanese gained further ground when they were granted permission to despatch military trucks accross the Concession to Nantao. Although the International Settlement had permitted this traffic since early last year, it has until the present been necessary for the Japanese to notify the French authorities in advance, of intended passage, in order to be provided with a police escort.

In an interview with *The China Press* published June 27, Mr., Ken Tsurumi, Japanese Embassy spokesman, confirmed an earlier statement that the foreign municipalities were negotiating with the Japanese on the future status of the Chinese Special District Courts now under Chungking jurisdiction. Mr. Tsurumi had previously pointed out that the National Government had no real power in Shanghai and that the Nanking regime should rightly control the two courts. Settlement of the issue is mementarily expected despite denials by the S.M.C. that it has ever been under discussion.

Another development indicative of the trend in the French Concession was a report that early last week the 275 French employees of the municipality had been paid all the money due them from the municipal superannuation fund, a sum totalling 4,000,000 French francs and U.S.$500,000. The excuse for this unprecedented step was that the fund had accumulated to huge proportion and was a nuisance and that the employees needed the money to send home to their war-stricken families in France. It was categorically denied that the money was paid out to avoid embarrassment should the Japanese take the concession over in its entirety. The fact remained that the money was paid at a time when French authorities were being hard-pressed and saw no hope of help from home.

Coincident with Japanese gains in the Concession came Nanking demands on the International Settlement for the extermination of terrorism. These followed the assassination of a pro-Wang Ching-wei newsman on Friday June 28.

Wang Orders Arrest of 83 Shanghai Chinese

The arrest of 83 prominent members of the Chinese community in Shanghai, including bankers, newspapermen, Kuomintang officials and political workers, was ordered in a decree issued on July 1 by Wang Ching-wei in his capacity as "Acting Chairman of the National Government in Nanking and concurrently President of the Executive Yuan." The complete list of the proscribed persons was published in the July 1 issue of the *Chung Hua Jih Pao*, organ of Mr. Wang in Shanghai.

The order declared that numerous "traitorous" Chinese are now hiding in the International Settlement and the French Concession in Shanghai and "are working for one individual." The "one individual" referred to is evidently Gen. Chiang Kai-shek, President of the Executive Yuan of the National Government in Chungking.

The order went on to describe these men as "running dogs" for Communists. "Some publish newspapers behind the front of third Power nationals," the order stated, "and are engaged in distributing malicious rumors and propaganda." Others were alleged to have organized gangs for assassination purposes.

The following is a complete list in the Nanking order.

General Chiang Po-chen, member of the Military Affairs Commission.

Eugene Y. B. Kiang, member of the Shanghai Municipal Council and prominent local lawyer.

Ling Kong-hou, Secretary of the Shanghai Bankers' Association.

Loy Chang, head of the Customs Department of the Finance Ministry.

Wu Shao-shu, Kuomintang Commissioner in Shanghai.

L. C. Tao, Secretary of the Chinese Ratepayers' Association.

Wu Kai-sien, member of the Central Executive Committee of the Kuomintang.

Li Ming, prominent banker, chairman of the Shanghai Bankers' Association and general manager of the Chekiang Industrial Bank.

Wu Ta-kung, chief translator of *Reuters' News Agency* and generally regarded as the "doyen" of the local Chinese press having served with *Reuters* for 38 years.

Ma Ying-liang, general manager of the Shun Pao.

Samuel S. H. Chiang, agency manager of the Asia Life Insurance Co. and member of the board of directors of the Post-Mercury Co.

Y. C. Feng, *Central News chief* in Shanghai.

Wu Jen-chang, editor of the *Chung Mei Jih Pao* (Chinese-American Daily News).

C. H. Chang, news Editor, *Ta Mei Wan Pao*, Post-Mercury publication.

C. I. Wu, news editor, *Ta Mei Pao*, Post-Mercury publication.

M. Y. King, editor, *China Evening News*. (*Ta Wan Pao*).

Wang Chung-wei, general manager, *Sin Wan Pao*.

Van Kwang, former department director of the Ministry of Foreign Affairs, now official in the Ministry of Finance.

Chiang Chien-pai, special commissioner of the Ministry of Education in Shanghai.

Wan Mo-lin, representative of Tu Yuen-sheng in Shanghai.

Feng Yu-cheng, Manager of the *Central News Agency*.

Tsui Wei-wu, Manager of *The China Times* (formerly of Shanghai now published in Chungking).

Lou Tung Sheng, Legislative Yuen Member. the *Shun Pao*.

Tien Shu-chun (Nee Mrs. Yang Hu, wife of the former Garrison Commander of the Shanghai-Woosung Area).

Ma Yuan-fang, Tsui Pu-wu, Chang Mu-min, Shih Shuan-yuan, Wang Keng-chung, Chang Yuen-yang of the Kiangsu Provincial Party Headquarters.

Ju Shao-yi, Tang Ming-shih, Ma Chung-kai, Chang Shu-tung, Chang I-ping, Chin Hua-ting, Chao Chun-hao and Hwang Chi-ping of the Shun Pao.

T. Z. Koo, Yen Nan-sheng, Wang Jen-lu, Hsu Tzs-heng, Chiang Chien-hou of the *Sin Wan Pao*.

Wu Chung-yi, Kao Chi-ling, Kuo Chih-ping, Liu Tsu-cheng, Chen Cheng-chang, and Chu Yi-hsiung of the *Ta Mei Wan Pao*.

Chiang Kwang-tang, Sheng Shih-hsiang, Hsu Kwai-sha and Tai Hsiang-yun of the *National Herald*.

Wang Ching-chuan, Pao Wei-han, Hu Chuan-hou, Chow Wei-nan, Chang Kuo-jo, Chien Fu-kung and Wang Chin-pu of the *Chung Mei Jih Pao*. Wang King-cheng, Wong Ti-zan and Chu Man-hua of the *Ta Wan Pao*.

Wu Hsiu and Tung-Hsin-pai, of the M Shanghai Kuomintang Headquarters.

The other proscribed persons include Hsu Kwang-yen, Lo Kuo-hsi, Wang Hsien-ching, Chen Wei-chien, Chen Ping, Chow Hsiao-pai, Chen Kang-ping, Wang Meng-fan, Cheng Shui-ling, Chang Kung jen, Chow Shao-cheng, Wang Cheng-hsien, Ling Shao-tsu, Hsu Shu-piao, Chow Jen-peng, Liu Chi-shui, Pan Ching-min and Ni Chia-chien.

Chinese in Kaifeng as War Ends Third Year

As the Sino-Japanese war rounded out its third year this week, renewed activity took place in north Central China where Chinese forces claimed to have battered a way into the heart of walled Kaifeng, Honan province capital, on June 30 and to have emerged victorious in two days of bloody street fighting with stubborn Japanese defense forces.

A Japanese report on the subject declared that previous knowledge of the Chinese attack had enabled the defenders to "draw the enemy well within their lines" and then to launch a terrific counter offensive which resulted in complete expulsion of the Chinese forces.

On the same Sunday morning an authenticated report from Ichang on the Yangtse announced the successful defense of the south bank of the river by entrenched Chinese forces and the annihilation of "about 2,000 Japanese troops" attempting to cross.

While Chinese guerillas were reportedly active on the Honan-Hupeh border during the week, the Japanese reported from Hangchow on July 1 the annihilation of units in the Whangpoo delta triangle.

A Chungking report of July 2 announced the launching of a big offensive in Eastern Honan in which 100,000 Chinese troops under Gen. Sun Tung-shun were attacking important Japanese centers. The attack on Kaifeng was one of these.

Commenting on Gen. Chiang Kai-shek's projected September offensive a Japanese army spokesman declared in Hankow on July 3 that the Chinese armies were lacking in suitable recruiting material and consequently could not be properly reorganized for so large scale an attempt.

In Japan extensive memorial services in commemoration of the third year of war, were projected for tomorrow, July 7 which will be turned into a day of prayer and voluntary work on behalf of soldiers.

Terrorists Kill Two Shanghai Newsmen

Political terrorists were again active in the foreign concessions of Shanghai last week. Two important newspapermen sympathizers of the Nanking regime and the National Government respectively, fell before assassins' bullets.

Moh Shih-ying, manager of the pro-Wang Ching-wei Kuo Min Sin Wan paper was shot in the back

Assassinated

Moh Shih-ying, 33 year old manager of the pro-Wang Ching-wei Kuo Min Sin Wan was shot in the back and killed by an unidentified assassin while riding in a public ricsha on June 28. His murder brought bitter protests from Nanking.

Friday by an unidentified man, while riding in a public ricsha on Foochow Road. Moh's death brought immediate protests from all local papers supporting the Nanking regime coupled with demands that Nanking be given control of the Chungking controlled First Special District Court and of all Chinese financial organs in the city and that the S.M.C. take instantaneous steps to stamp out terrorism in the Settlement.

A more official recrimination came from Nanking itself when Minister of Publicity Lin Pai-sheng in a eulogy on the dead man demanded strict investigation of the crime and expulsion of all terrorism from the municipality.

On July 1 Shao Hsu-pei, a director of the Ta Kwang News Agency was shot down by two gunmen as he was returning to his home in the French Concession. Shao later died in the Ste. Marie hospital every indication pointing to vengeance for Moh's death as the motive of assassination.

The Moh case was not allowed to lapse. On Sunday the Nanking Regime offered a reward of $10,000 for arrest of the assassin, and on the following day, July 1, Mayor Fu Siao-en of the City Government of Greater Shanghai became belatedly indignant in a diatribe against the S.M.P. whom, he said, should have given Moh proper police protection since they knew his life was threatened.

The Mayor's protest lodged with the S.M.C. reaffirmed Lin Pai-Sheng's note in demanding immediate arrest of the criminal and insurance against repetition of similar acts. The Mayor also shot at the moon with a demand that previous acts of terrorism be speedily solved and that the S.M.C. cleanse the International Settlement of its terroristic circles, at once.

JAPAN SEEKS CONTROL OVER N.E.I. COMMERCE

An early tightening of Japan's economic hold on the Netherlands East Indies was foreshadowed last week with the announcement that Mr. Itaro Ishii, Japanese Minister to the Dutch Government in London, has been ordered home to tokyo whence he will be sent to Batavia to open negotiations with the colonial government on commercial questions between the two countries.

Pending the outcome of these talks the N.E.I. Government agreed on June 28 that it would take no steps to prevent those commodities of the N.E.I. essential to Japan, from being exported to Japan. According to the *Asahi* in an article published June 29, Japan sold Yen 137,902,000 worth of goods to the N.E.I. in 1939 and imported Yen 71,629,000 worth from the islands. Other Japanese reports hoped that an increase in N.E.I. imports would lessen Japan's dependence on the U. S. particularly for petroleum. The question of Japanese immigration will also be taken up at the forthcoming conversations. The colonial government announced July 2 that henceforth special permits would be required for ships transporting gum, tin and textiles from the colonies to Chinese ports and Dairen. It was hoped that this measure would hinder shipment of the products to the Axis countries.

A grim development in the immediate vicinity of the Indies was rushing of defense works throughout British Malaya and at Singapore, reported July 2. The reasons given were "changed circumstances."

North China Daily News Changes Front Page Format

For 75 years the *North China Daily News*, venerable Shanghai British journal, has appeared looking like a second *Times* of London, first page devoted to advertizing. On July 1 the old order changed and the "old lady of the Bund" as the journal is affectionately called by Shanghailanders came out in modern dress with the front page given over to news.

Commenting on the new dress the "N.C.D.N." laid the principal reason for the change to the fact that editorial comment had previously preceded news in the columns of the paper while under the new arrangement the position would be reversed. The editors admitted parting regretfully from the old style.

U.S. Interested in Asia Despite European War

Mr. William P. Hunt, head of the firm of William Hunt and Company, and well known in commercial and shipping circles in the Far East, who returned from an extended stay in the United States, believes that Americans will continue their interest in

William P. Hunt

the Far East despite the crisis in Europe. Mr. Hunt was accompanied by Mrs. Hunt and their young daughter June. Referring to the recent US$20,000,000 loan to China, Mr. Hunt stated his belief that a further loan could be obtained in case China found such necessary. The appointments of Col. Stimson and Col. Knox to President Roosevelt's Cabinet were cited as proof of continuing American concern for China's fortunes. Col. Stimson would not have entered the Cabinet "if he had had to compromise his views on China and the Orient in any manner," said Mr. Hunt. He thought that Col. Roosevelt could have the Democratic nomination if he wants it. As for the Republican nominee, Wendell Wilkie, Mr. Hunt was of opinion he "would draw more on the popular vote than any of the other Republican aspirants."

Bose in Jail Under Defense of India Act

Subhas Chandra Bose, leader of the left wing of the Indian Nationalist Congress was arrested at his home in Calcutta on July 2 under the Defense of India regulations.

Bose is opposed to the polciy of cooperating with the British Empire which Mahatma Ghandi has backed. The two leaders represent the conservative and the radical sides of Indian nationalism.

Ghandi and Lord Linlithgow, Viceroy of India conferred for the second time in a week on Sunday it was reported the Viceroy reitered his promise of dominion status for India as soon as the time was propitious.

War Enters Fourth Year in China as Japan's Reoriented Policies Begin to Chrystalize

TODAY the China war enters its fourth year. To the chagrin of Japanese warlords, their boast of "beating China to her knees in three months" has proved a myth. Japanese anxiety for peace notwithstanding, no end of the war is in sight and the future by no means augurs well for Japan.

Three years of Chinese resistance have utterly disillusioned Japan's empire builders. Their dreams of an easy and "blitz" conquest have been rudely shattered. They have miscalculated and blundered, with the result that after thirty-six months of strenuous and costly campaigning in China, they are as far from their objective as theywere at the beginning of the hostilities.

Despite their sporadic land operations, reckless aerial bombings, belated attempts to sever China's supply routes with the outside world and insidious political machinations, the Japanese find their continental adventure so deadlocked that they are at a loss to extricate themselves. Meanwhile, time and space are working relentlessly against them.

In the light of the repeated declarations by Chinese leaders of their determination to continue resistance and judging by the present temper of the people of the country, it is unthinkable that China will give up her struggle halfway, after having undergone such colossal sacrifices during the past three years. Therefore, the China war is likely to be protracted for an indefinite time to come, and when it does end, it may be asserted that Japan will not emerge the victor. The past three years of unflinching resistance have fully demonstrated the dogged spirit of the Chinese people. It may be conceded that they will not lay down their arms until after they have achieved their objectives, namely, preservation of their national existence and restitution of their territorial and administrative integrity.

The Far Eastern situation is now being complicated by current developments in the European war. Precisely how these developments will affect the outcome of the Sino-Japanese hostilities cannot yet be forecast. They will of course have important repercussions.

The possibility of a second Russo-Japanese war has existed during all these years despite recurrent rumors of a Japanese-Soviet rapprochement, while Japan's relations with Great Britain and the United States are now being dangerously strained. Should Japan actually carry out her threats to grab the Far Eastern possessions of the European countries, such as the Dutch East Indies, the British Colony of Hongkong and French Indo-China, an armed conflict involving Japan, Britain and the United States would appear almost inevitable. The contingency of Japan's involvement in the European War in the Far East is mounting daily with her current operations on the borders of Hongkong and Indo-China.

The third year of the Sino-Japanese war (July 7, 1939 to July 6, 1940) was an eventful one, though from a military point of view, it was less spectacular than the first two years. Let us sketch briefly the outstanding events of the year affecting the two belligerent countries in various fields, and round out with a survey of the troubles in our midst in Shanghai.

Militarily, while aerial and land operations continued uninterrupted on all fronts throughout the period, only a few major battles are worth recording, in which the Japanese were more than once worsted.

Chronologically, the first full-dressed battle of the year was fought in northern Hunan in September-October, 1939. In the latter part of September, the Japanese launched a drive on Changsha, former capital of Hunan. They advanced rapidly and neared the gates of Changsha by the end of September. The tide of the battle, however, suddenly turned at the beginning of October following a vigorous Chinese counter-attack, which finally resulted in the collapse of the Japanese drive with heavy casualties. October 5 was celebrated throughout "Free China" as the day of a major Chinese victory over the Japanese in northern Hunan.

To retrieve their lost prestige in the Changsha battle, the Japanese in November of 1939 started fresh operations in South China. In the middle of November, they effected a landing on the southern coast of Kwangsi and followed up with a rapid drive inland which culminated in the capture of Nanning, ex-capital of Kwangsi province, on November 24. The Japanese successes at Nanning, however, were subsequently counteracted by Chinese victories at Yashuitan on Dec. 27 (Yashuitan is a highway town in southwest Kwangsi, south of Lungchow near the French Indo-China border), at Kunlungkwan on Feb. 3 and at Pingyang on Feb. 12 of this year.

Simultaneously with their drive in Kwangsi, the Japanese also conducted large-scale hostilities in Northwest China. Driving southwestward from Suiyuan, they attempted to push into Ninghsia and Kansu, and their land operations were accompanied and aided by extensive aerial attacks on various cities in these two provinces, particularly Lanchow, capital of Kansu. On November 30 alone, more than 200 bombs were dropped on Lanchow causing heavy civilian casualties.

The Japanese drive failed following the Chinese recapture of Paotow, western terminus of the Peiping-Suiyuan Railway, on Dec. 21. On Jan. 29 of this year, the Japanese renewed their drive and heavy fighting followed in West Suiyuan. Stubbornly resisting the Japanese advance, Chinese forces under the command of Gen. Fu Tso-yi inflicted heavy casualties on the Japanese and succeeded in recovering the strategic city of Wuyuan on Mar. 22. Gen. Fu was decorated by Gen. Chiang Kai-shek on April 6 for this victory.

The last major campaign of the year is the current battle in northern Hupeh. Since September of last year, the Japanese have made repeated attacks on the Chinese strongholds in northern Hupeh but all of them proved abortive. Early in May of this year, they launched a fresh offensive aiming at the capture of the two strategic cities of Siangyang and Fancheng, but suffered a severe defeat in the battle of Tsaoyang on May 11, when some 150,000 Japanese troops were reportedly trapped by the Chinese and sustained more than 50,000 casualties.

Reinforced by fresh divisions, the Japanese continued the battle and finally succeeded in capturing the important Yangtsze port of Ichang, gateway to Szechwan, on June 11. The final outcome of the North Hupeh battle remains undecided, as fighting is still in progress in that sector.

In addition to the major battles described above, mention should be made of the Chinese "winter offensive" which scored successes on various fronts. The Japanese troops in Honan were harrassed on repeated occasions by the Chinese and Kaifeng, capital of the province, fell more than once into Chinese hands. On Jan. 21, the Japanese in Hangchow crossed the Chientang River and captured Hsiaoshan, but their advance beyond that point has since been checked. There had also been sporadic operations on the Fukien-Kwangtung border, northern Kwangtung, southern Shansi and southern Anhwei, but all of them were of minor importance and did not affect the general military situation. Currently, the Japanese are carrying on extensive operations on the

borders of Hongkong and French Indo-China with a view to cutting China's supply routes with the outside world. The outcome of these operations in being closely watched by the Chinese military authorities, as they may lead to Japan's involvement in the European war in the Far East.

As the war drew to the close of its third year, the Japanese imitated the German blitzkrieg tactics by staging daily bombings of Chungking, evidently with the object of demoralizing the Chinese Government and intimidating it into submission. These bombings have caused wide-spread destruction and heavy civilian casualties, but have failed to weaken the Chinese determination to continue resistance. Gen. Chiang Kai-shek recently declared that even if Japanese bombers levelled Chungking to the ground, the seat of China's Government would not move.

Nishio Made C-in-C

In connection with the review of the military situation, notice should be taken of the appointment in September last year of Gen. Toshizo Nishio as new Commander-in-Chief of all Japanese forces in China. Previously the Japanese armies in North China and Central China were under separate commands. Gen. Nishio, accompanied by his Chief of Staff, Gen. S. Itagaki (former Japanese War Minister), arrived in China on Sept. 29 and has since established his headquarters in Nanking. The command of Japanese naval forces in China was also changed. Rear Admiral Koshiro Oikawa was replaced by Rear-Admiral Shigetaro Shimada as Commander-in-Chief of the Japan's China Seas Fleet in April of this year.

There was no important change in Chinese commands on the war fronts. Two Chinese generals who figured prominently in the war died. Gen. Sung Cheh-yuan, former commander of the 29th Army and first Chinese officer to offer resistance to the Japanese invasion, succumbed to illness in Szechwan on April 4, while Gen. Chang Tzu-chung, former Mayor of Tientsin and lately commander of an army corps in Northern Hupeh responsible for the Tsaoyang victory, was killed in action on May 16.

Japan's political machinations during the year under review were more colorful than their military ventures. The chief figure in the Japanese political game is Wang Ching-wei. After his dramatic flight from Chungking in December, 1938, Wang worked for about half a year clandestinely with the Japanese while taking refuge in French Indo-China. On July 9, 1939, he openly cast his lot with the Japanese by a radio broadcast speech from Shanghai launching his "peace" movement. On August 9, he visited Canton where he parleyed with the Japanese Commander there, Gen. Ando, and broadcast another speech appealing to Chinese commanders in South China to conclude a regional armistice with the Japanese. His appeal was condemned and rejected by Gen. Chang Fah-kwei, leader of the Chinese Forces in Kwangtung.

Wang's Regime

After his emergence as Japan's chief henchman in China, Wang made repeated attempts to organize a new regime in Nanking with himself as the head, but his plans were more than once thwarted by his puppet seniors in Peiping and Nanking and were not realized until March 30 of this year.

Prior to the formation of the Nanking regime, Wang summoned a Kuomintang congress in Shanghai in August of 1939 and organized his own political party known as the "Orthodox Kuomintang," of which he was elected chairman of the Central Executive Committee. The latter in turn created a "Central Political Council," which was charged with the planning and organization of the new government in Nanking.

After the party congress, Wang again encountered difficulties in his government-forming plans. Trouble broke out in his own camp. On Jan. 21, a sensation was caused both in China and abroad, when two of his followers, Tao Hsi-sheng and Kao Tsung-wu, defected and made public in Hongkong the text of an alleged secret agreement signed between Wang and the Japanese in Shanghai on Dec. 30, 1939. The terms including China's recognition of Manchukuo, economic cooperation with Japan, payment of indemnities, etc., were so extensive in scope and drastic in character that their enforcement will practically reduce China to a Japanese colony. Revelation of this secret document aroused nationwide indignation. Wang was denounced as a "traitor."

More Secret Agreements

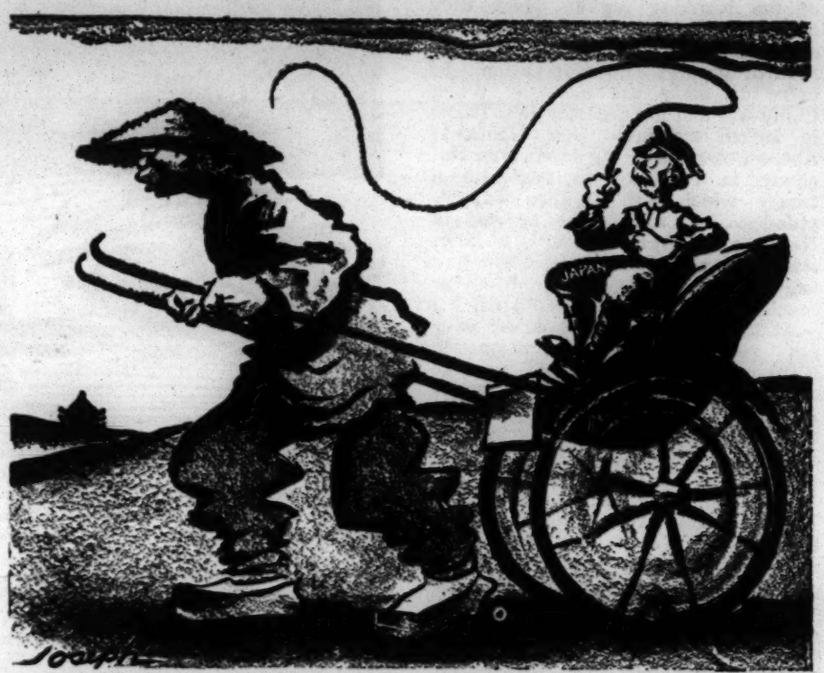
On Feb. 29, Messrs. Kao and Tao revealed in Chungking the texts of eight more alleged secret agreements signed between the Japanes and the Nanking "Reformed Government." These agreements, which were reported to have received Wang Ching-wei's approval, virtually conferred on the Japanese the exclusive right to exploit Central China.

The grand finale of the Wang-Japanese show was the formation of the Nanking Government on March 30 of this year. Wang described the inauguration of his regime as the "return of the National Government to its capital," and labelled the National Government in Chungking a "regional refugee regime."

The Nanking organization on the day of its inauguration issued a proclamation declaring that hereafter it would refuse to recognize any treaty signed between Chungking and foreign powers and that its two major policies internally would be realization of peace and enforcement of constitutional government. Meanwhile, it announced the abolition of its rival regimes, the Peiping "Provisional Government" and the Nanking "Reformed Government." On April 6, Wang Ching-wei as "Acting Chairman of the National Government" ordered "cease fire" in a proclamation to the Chinese fighting forces on various fronts.

National and international reactions to the formation of the Nanking regime were prompt and drastic. Chungking issued a mandate ordering the arrest and punishment of all persons who had joined the Japanese and rebelled against the state. Wang Ching-wei headed the list of the proscribed persons totalling more than 100.

"Stabilizing" Power in East Asia



This cartoon appeared in the Louisville, Kentucky *Courier-Journal*, in connection with a review of Madame Chiang Kai-shek's recent book, "This Is Our China." The review of Madame Chiang's book was written by Mrs. Margaret Proctor Smith, former well known resident of Shanghai, who is now living in Louisville and devoting her time to writing and lecturing.

U. S. Condemnation

Secretary of State Cordell Hull of the United States, in a statement condemning acts of aggression, declared that the United States would not recognize the Nanking regime but would continue to accord recognition to the National Government at Chungking. On April 3, Mr. R. A. Butler, Under-Secretary of State for Foreign Affairs of the British Government, made a statement to the same effect in the House of Commons.

Naturally enough, the Japanese Government welcomed the emergence of the Nanking regime which they had sponsored and promoted, and announced that it would give it wholehearted support and cooperation. In order to make the most of Wang Ching-wei and his organization, Tokyo in March appointed Gen. Nobuyuki Abe, an ex-premier, as Japan's special envoy to Nanking to negotiate a treaty which will legalize Japan's plunders in China. Abe arrived in Nanking on April 23 with a large staff and since has been conducting negotiations with Wang for the conclusion of this projected treaty.

At this writing, the Japanese have not yet accorded recognition to Nanking. Despite repeated urgings on the part of Nanking, Premier Admiral Yonai insisted that recognition can come only after the signing of a basic treaty. In order to expedite the Japanese recognition, Nanking in May sent a mission to Tokyo headed by Chen Kung-po. During Chen's visit, it was rumored that Wang submitted a series of demands to Tokyo relating to the organization of a new Chinese army, a new Central Bank of China and early recognition, but all were said to have been rejected.

Peace Offensives

Throughout the period under review, there were periodic waves of Japanese "peace offensives," countered by periodic and emphatic denials from Chungking. The "peace" rumors emanated from Japanese as well as Italian sources.

Instability and uncertainty have marked Japan's internal politics and international relations. During the past twelve months, there were two cabinet changes. The Hirannuma Cabinet, which succeeded the Konoye Cabinet in February, 1939, fell in August as an aftermath of the signing of the German-Soviet Non-Aggression Pact on August 20, 1939. Hirannuma had been regarded as a Fascist leader in Japan and had always advocated close ties with the European axis Powers. The German-Soviet rapprochement brought discredit on him and necessitated his retirement.

Baron Hirannuma was succeeded by Gen. Nobuyuki Abe, a retired officer with neither party, color nor influental military backing. He was made premier as a stop-gap pending the choice of a fitter person to pilot the ship of state. Abe made the disposal of the China Affair and the organization of the Wang Ching-wei regime in Nanking his two main tasks, but failed in both. After a colorless career of four and a half months, he was forced to quit office, when the Army leaders withdrew support and openinly told him to get out. Abe quickly complied but was soon given the difficult job of obtaining Wang Ching-wei's signature to a prepared treaty by Japanese warlords. In this job he has been engaged for several months but no appreciable progress has been made so far.

Yonai Made Premier

The Army leaders in Tokyo intended and maneuvered to make War Minister Gen. S. Hata the next premier, but their plans were forestalled by palace intrigues. Admiral M. Yonai, a retired naval officer, was installed as premier succeeding Gen. Abe. The Yonai Cabinet was formed on Jan. 14 of this year, but is now facing a serious crisis due to lack of achievements and the so-called Single-Party Movement sponsored by Prince Konoye. Yonai, like his predecessor, promised to bring about a speedy settlement of the "China Incident" on the basis of the conditions laid down in the Konoye Statement of Dec. 22, 1938, but in spite of his efforts, no settlement on any basis is in sight. Meanwhile, Prince Konoye is sponsoring a single-party movement which, if successful, will make Japan a totalitarian state replacing the present nominal parliamentary form of government. This movement is endangering the life of the Yonai Cabinet, and Toshio Shiratori, former Japanese Ambassador to Rome, is being mentioned as the next premier. Mr. Shiratori has been known for his pro-Fascist tendencies and is a strong advocate of close ties with the Axis Powers.

Japan's foreign relations were complicated during the year under review. In particular, her relations with Britain and the United States greatly deteriorated. There were intermittent outbreaks of anti-British and anti-American agitations in various parts of Japanese occupied China. In connection with the Japanese blockade of the British and French Concessions in Tientsin, Britons were subject to insupportable indignities.

British Give in

True to its " appeasement" policy, the Chamberlain Government capitulated to the Japanese on the Tientsin issue on July 23, 1939, when an Anglo-Japanese accord was reached in Tokyo. In that document, the Chamberlain Government placed on record its recognition of specific Japanese claims in China and promised not to hamper the accomplishment of the objects of the Japanese forces in this country.

Great Britain under Prime Minister Chamberlain was ready to go far to appease Japan at China's expense, had not the United States intervened at a crucial moment. While further Anglo-Japanese parleys were in progress in Tokyo, the United States on July 28 announced its decision to abrogate the Japanese-American Treaty of Commerce and Navigation of 1911.

To the Japanese the American action came as a thunderbolt. To the British it gave more backbone. The British attitude suddenly stiffened and the Anglo-Japanese negotiations soon became deadlocked and were not resumed until June of this year. Allegedly in exchange for the release by the Japanese military authorities of Col. S. Spear, British Military Attache in China, who had been arrested and detained for several months at Kalgan by the Japanese on a charge of espionage, the British Government On Aug. 11 ordered the surrender of the four Chinese suspects involved in the murder of a puppet Chinese official in the Tientsin British Concession on April 9. Despite protests by the Chinese Government, the four men were handed to the Japanese on Sept. 5.

In the matter of the American-Japanese Treaty abrogation, the United States "meant business." When Jan. 26 came, Washington permitted the Japanese-American trade treaty to lapse without being substituted by a new one. Since then, Japan and the United States have been left in a "treatyless situation." The Japanese have been incensed but found themselves helpless. Further to the exasperation of the Japanese and more serious in nature, was the recent action of the

Flood Victims of North China

Chinese authorities in Chungking appeal for help for the victims of the disastrous Yellow River floods in southern Hopei province. The Chinese text accompanying the picture alleged that the floods were caused by the action of the Japanese in cutting the river dikes.

United States Government banning the export of machine tools and parts to Japan, which is bound to have a serious effect on Japan's supply of war materials. An official embargo on American exports to Japan now looms as the next blow of the American stick in order to force Japan to respect American interests in China.

Tientsin Settlement

Taking advantage of the British pre-occupation with the European war, the Japanese recently brought further pressure on London. On June 20, London yielded to the Japanese demands on the Tientsin issue. Another Anglo-Japanese agreement was reached on that day providing for the disposition of the Chinese silver stored in the British and French Concessions in Tientsin and virtual Japanese participation in the municipal administration of the British Concession. Henceforth, Japanese gendarmes will be permitted to arrest any Chinese in the Concession whom they may regard as anti-Japanese.

On China's political front, the year witnessed no important changes. The United Front has been maintained despite the defection of Wang Ching-wei, and the frictions between the Kuomintang and the Communist Party smoothed. Generalissimo Chiang Kai-shek remains the supreme leader of the country. Politically, Gen. Chiang has taken upon himself additional responsibilities. On Sept. 20, 1939, he was appointed to the concurrent post of chairman of Szechwan Province. At the Sixth Kuomintang C. E. C. Session in November, he was re-appointed President of the Executive Yuan replacing Dr. H. H. Kung. Another important decision made at the Session was the resolution calling for the summoning of the People's National Congress to enact and promulgate a constitution for China, thereby inaugurating constitutional government to succeed the present one-party-rule. The Congress is scheduled to be convened on Nov. 12 of this year.

14th Dalai Lama

Of considerable national and international interest was the installation on Feb. 12 of this year of a six-year-old Chinese boy "Lamu Teng-Chu" as the 14th Dalai Lama in Tibet. This event, it is believed, will result in strengthening the existing bonds between Tibet and the Chinese National Government.

In foreign relations, two items of importance were an additional loan of US$2,000,000 to China on March 8 of this year and a French loan of Frs. 480,000,000 on Dec. 18, 1939. In this connection, it may be pointed that the present visit of T. V. Soong, influential Chinese financier and former Finance Minister, to the United States is of considerable significance. While the mission of Mr. Soong's trip has not been revealed, it is generally believed that he will conduct important negotiations with the United States Government which are likely to result in further American material and financial aid to China. Already it is rumored in financial circles in Shanghai that Mr. Soong is negotiating a new American specie loan of from US$50,000,000 to US$100,000,000.

On China's diplomatic front, three changes are noteworthy. Mr. Shao Li-tzu, former Shensi Governor and Publicity Director of the Kuomintang, was appointed Chinese Ambassador to Moscow, while Dr. T. T. Li of the Foreign Office and Mr. Chang Peng-chun of the Nankai University were appointed Ministers to Cuba and Turkey respectively.

Persecution in Siam

While Chinese residents in Siam have been subject to persistent persecutions and many Chinese were forced to flee that country last year, sympathy and goodwill were received from two other neighboring countries. In August of last year, India dispatched a goodwill mission to Chungking headed by the noted Indian Congress leader. J. Nehru. Burma followed suit with a goodwill mission in December.

Two Chinese notables died in the year. Marshal Wu Pei-fu, China's famed scholar-warrior, whom the Japanese failed to persuade or intimidate to become the head of a puppet Chinese regime, succumbed to a tooth ailment on Dec. 4, 1939, while Dr. Tsai Yuan-pei, noted scholar and educator and president of the Academia Sinica, died on March 5, of this year.

For Shanghai, the year under review was also a hectic one, Although no hostilities were waged in its environs, the city experienced numerous waves of terrorism. Many cases of murders and bombing incidents occurred and many died of terrorist bullets. Among them were Chu Hsin-kung of the *Ta Mei Wan Pao* (Shanghai Evening Post Chinese edition), Zau Ping-sheng of the Shanghai French Municipal Police, Tan Shao-liang of the Shanghai Municipal Police, and others including a foreigner, Capt. Wilson who was killed by a stray bullet.

Phillips Fired on

On Jan. 6 of this year, G. G. Phillips, Secretary and Commissioner-General of the Shanghai Municipal Council, had a narrow escape from death when he was attacked by a party of gunmen. Many shots were fired at him, but all missed their aim.

Since the beginning of this year, Japanese influence in this side of the Soochow Creek has been steadily on the increase. By the Fu Siao-en-Franklin Agreement on the Outside Roads issue on Feb. 16, the Japanese have practically gained both *de facto* and *de jure* control of all the extra-Settlement Roads areas. On March 1, another agreement was signed between Fu and Franklin, which nominally restored to Municipal control the Hongkew District.

Of far-reaching importance was the agreement concluded on June 23 between the French Concession authorities and the Japanese military authorities, conceding to the Japanese the right to search houses and effect arrests of alleged anti-Japanese elements in the Concession.

Thus, we bring to a close a cursory review of the third year of the Sino-Japanese war. The year was certainly eventful but was not characterized by any decisive developments. What the future holds in store cannot be forecast but is likely to be of decisive importance, as the China war enters its fourth year.

Wang's Support

Chungking cartoon depicts the puppet Wang Ching-wei standing on a bent Japanese sword which is labeled "New Order in East Asia.'" Wang is shown holding a circular containing his slogans, "Peace, National Reconstruction, Anti-Communism."

Shanghai Times, Reuters Settle Staff Strikes

The printing staff of *The Shanghai Times* and the delivery staff of *Reuters* news service returned to work on Saturday afternoon, June 29, following two days of idleness due to a strike. It was reported that the management of the *Times* agreed to increase the pay of the printing staff $5 a month for each man, excepting 13 workers who allegedly were dismissed. The management of *Reuters*, British news service, also agreed to meet the demands of the strikers at a conference to be held this week. The *Times* was forced to miss two issues of the paper and to issue the Sunday edition, June 30 in limited size as a result of the strike.

America and the East Indies

BY WILBUR BURTON

(Editor's Note:—Mr. Burton returned last week to Shanghai from a two months' trip to the Netherlands East Indies, where he had been sent by the New York Post just prior to Hitler's invasion of Holland. He was in Batavia when the invasion took place and Holland capitulated. Subsequently he surveyed the situation in the military and aviation center Bandoeng, the naval base Surabaya, the chief oil center Balikpapan in Borneo, and Makassar and Menado in Celebes)

In this predatory world of breakdown of *status quos* and breakup of empires, of take or be taken—a period historically comparable only to the decline and fall of Rome, when other barbarians ravaged civilization,—there must be realistic thinking and ruthless action accordingly if we of the United States of America are to survive the catastrophe with all that remains of mankind's humanitarian heritage. Elsewhere, on both sides of the Euro-Asiatic continent, the culturally advanced peoples—from any humanitarian viewpoint—are being crushed, or already have been crushed, by the culturally inferior but brutally superior.

Our problem—the problem of the United States—is the not easy one of maintaining a secure national position in the world without the loss of any of the human values now prevailing in our internal political and social setup. To put it another way: if we are not strong as a nation we will go down as a people; but there is no gain from a humanitarian viewpoint of sacrificing our democratic civilization to be strong as a nation.

Obviously, we can neither police the world—nor save it outside the limited areas where we are capable of asserting our predominance. Equally obviously—or it should be equally obvious,—we would be fatuous to rush to the rescue of nations, regardless of how much we like them, which have shown themselves too decadent for defense against an enemy that until a few years ago was in every practical, pragmatic, way their inferior. Hardboiled selfishness, not heartburning sentimentality, is the only intelligent basis for a national foreign policy.

So, getting down to very specific brass tacks, the Netherlands East Indies are today an area of more vital concern to the United States than any other in the world outside the Americas themselves. They are the key to the Western Pacific; and historically—as well as by the geographic determinant of history,—our predominant destiny has ever been westward. The Pacific rather than the Atlantic is our ocean; and a Genghis Khan or a Hitler over Europe is of much less consequence to the Americas than a Hideyoshi or a Konoye over the Western Pacific. Instead of giving up the Philippines, we should prepare to add the East Indies to them—unless, which is most unlikely, they can be kept in a neutralized position where they are as much ours as anyone else's.

From a sound American viewpoint, the East Indies have been in the past merely a fabulously profitable commercial enterprise for the Dutch, while both economically and politically they are the most strategic part of the Western Pacific for the United States—far more so than the Philippines.

The Dutch have never used more than a very tiny part of the wealth of the Indies for their *national* welfare. They have merely been middlemen supplying it to other countries, especially to the United States. Last year, for example, the direct N.E.I. exports to U.S. amounted to guilders 145,180,000—with probably half as much more going indirectly,—while American exports to N.E.I. were only guilders 63,704,000.

Virtually all America's rubber comes from the Indies and adjoining British Malaya. Other tropical agricultural products are of quantitatively less importance, but not qualitatively less vital. There are also tin and oil. Rubber could be developed elsewhere, but only in two decades at the least.

Under the pre-war *status quo*, the Dutch could not be regarded as a rival empire, politically or economically. They were complementary to other empires—especially the United States. In the hands of a rival empire, the East Indies would be a dangerous threat to all other empires—especially to the United States,—for the essential of empire would then be under the flag of an always potential if not active enemy.

Under Japanese control, for example, there would no longer be any assurance of freedom of trade. Further, British Malaya would be cut off. Still further, Japan would then truly be one of the greatest empires in both political control of essential raw materials and in strategic position. The Philippines would be indefensibly surrounded, the "China Incident" would pale into insignificance, and the Western Pacific would become a Japanese lake.

Japan, of course, professes—even as she used to in China—that her only interest in the East Indies is economic; that she has no political designs on them so long as she is assured of security in obtaining their raw materials.

All qualified observers, however, are convinced that this pretense is pure baloney, that Japan is only biding her time to grasp her greatest historical opportunity for that southward expansion that has been urged for decades by her chief imperialistic spokesmen.

These observers, too, are in complete agreement that only the United States can effectively stand in her way. There is some difference in opinion on whether the still far from favorable situation in China is an important adverse factor; but the best informed belief, in my opinion, is that the navy stands ready to strike at a moment's notice, that the Dutch could not put up any effective resistance—unless helped from the outside, and that possession of the Indies would make Japan completely predominant throughout the Western Pacific and continental Asia. With such a victory, combined with her present control of the China coast, all Japan's present worries would be past—and she would have all the major raw materials that an American embargo could now keep her from getting.

In the same opinion—and confirmed by statements of the Foreign Office spokesmen in Tokyo—Japan is preparing, waiting, to strike if and when the United States is so foolish as to become actively involved in the European war. Then, she shrewedly and assuredly calculates that she would have a free hand to make a clean and permanent sweep of the Western Pacific and continental East Asia regardless of what happens in Europe.

But as long as the United States is not actively involved in Europe, Japan would be taking considerable chance to strike at the Indies. For even if the United States did not immediately intervene, there would be the American navy between Honolulu and Manila and Hongkong to cut the Japanese lines of communications at any time that we rose to a realization of our nationally inelecutable destiny.

In imperialism, as in other things, there are divers ways to the desired end; and Japan does not necessarily need to obtain physical possession of the Indies in order to dominate them.

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Puppet Indo-China

It is not yet clear what the ultimate fate of Indo-China will be, but in every way that concerns Tokyo the French government there has now been reduced to a Japanese puppet. And unless America is ruthlessly alert, Tokyo might achieve similar domination in Batavia. A definite move in this direction is indicated by the *Domei* announcement of June 28 that Itaro Ishii, Japanese minister to the Netherlands, will be sent to Java "to open direct negotiations.....on questions pending between the two countries."

Ever since the invasion of Holland, Dutch policy in the Indies has been to appease Japan in every way possible—although so far without making decisive concessions to her. But the Chinese edited newspapers are rigorously prevented from manifesting any anti-Japanese feeling while the postal censors have been instructed to eliminate anti-Japanese comment from private letters. Censorship of news cables is mainly to keep correspondents from sending out anything that might be regarded by Tokyo as objectionable.

Pending the arrival of Mr. Ishii, one of the busiest men in Batavia is the aristocratically tall and slender Otiji Saito, the Japanese Consul-General. He obviously was not selected haphazardly for his present post, and he never has to wait when he presents his card at a government office.

Japanese Life Line

Before the victims of German bombs had been picked up from the streets of Rotterdam, Mr. Saito informed the N.E.I. government with Japanese finality that the orphaned isles are a "lifeline" to Japan for several products: rubber, petroleum, tin, maize, scrap iron, quinine, timber, castor oil seeds, bauxite and manganese ore. In the past, however, Japan has taken little of most of these products: for examples, 5% of the total rubber exports, 9% of the tin and 10% of the oil. She did—last year—take 80% of the bauxite and all the scrap iron, but the latter was only 3% of her total requirements. The total amount of manganese ore mined in the islands is only 15,000 tons annually, As to other raw materials named by Japan, production can easily be increased to any anticipated demand, including bauxite; while N.E.I. could produce all the world's total requirements of rubber.

Mr. Saito is also continually protesting that the wartime exchange setup gives an export advantage to the sterling bloc. This is true, for the guilder is pegged to the pound at the highly artificial rate of 7.60 while the old rate against the dollar and the yen is maintained. But a dollar or yen consequently buys as much as formerly, while the guilder-pound rate puts imports from the sterling bloc at a disadvantage—and in the past Japan has sold the Indies about three times as much as she has bought from them.

Japan's Grievances

Increased immigration and alleged mistreatment of Japanese nationals comprise the burden of other Japanese representations. It is true that more Chinese are allowed to enter the islands than Japanese, but when a Japanese is arrested he is put in a jail for Europeans while a Chinese who is arrested is incarcerated with Indonesians.

While trying to appease Japan, the Dutch are skeptical of being any more successful than Holland was in appeasing Germany. They are not wholly sure, however, of American aid; and in any event they don't believe the United States would be quixotic enough to give aid except on a *quid pro quo* basis. And while they definitely prefer to be under the American flag rather than under the Japanese, they will naturally try as long as possible to avoid either alternative—which could result in so many concessions to Japan that it would not matter what flag was flying.

Japan and the United States are not, of course, the only alternatives. There is still the remote possibility that Hitler might be defeated and Holland restored. Considerably less remote is that Hitler may want his say in the eventual disposition of the Indies—and here we come to the foreboding fact that some of the nearest and dearest relatives of virtually every Dutchmen in the islands are now held hostage by the Nazi overlords of Holland. Nor is it too much to suggest that this item may be involved in German-Japanese deals. Also, there were many, many Dutch Nazis in both Holland and the Indies; and while the leaders in the latter area are how interned, there is no assurance that this German Fifth Column has really been liquidated. Very much at large is a Japanese Fifth Column of some seven thousand throughout the islands, and one of the regular nightmares in Batavia is the possibility of the Japanese freeing the upwards of 5,000 interned Germans. To be sure, this can't happen as long as the Dutch are able to maintain

internal security as firmly and as efficiently as at present.

Native Question

So far—and probably for some time to come if the islands are not attacked from without,—the native question of the Indies is not pressing. But—as the Dutch who are willing to speak freely admit,—it will demand attention sooner or later. A handful of homeland-less Europeans can't indefinitely remain lords and masters of 65,000,000 Indonesians, even if the vast bulk of them are as apathetic as they are illiterate. It is only a matter of how soon the significance of recent European developments will penetrate qualitatively into the mind and soul of the masses, and the recently announced increase in taxes will undoubtedly hasten the process.

The most politically conscious Indonesians are deliberately biding their time, for they very sanely don't want to do anything that would handicap defense of the islands against the Japanese. Formerly, as I found on my visit to the Indies four years ago, much Indonesian imagination had been excited by the Japanese slogan of "Asia for the Asiatics;" but the "China incident" since mid-1937 had convinced all politically conscious Indonesians I encountered on this trip that the slogan really means "Asia for the Japanese." The more than a million Chinese throughout the islands have, incidentally, played a big part in this educational achievement.

Most important, however, has been the living example of neighboring Philippines, rising to the status of internal—native—self-government under the aegis of American imperialism. Virtually nothing about this is ever printed in the press of the islands; even when the Philippine Commonwealth was established in 1935, there was only a brief paragraph about it on the inside pages—for from the official Dutch viewpoint, Don Manuel L. Quezon is a more subversive influence than Marx, Lenin, Trotsky and Stalin rolled into one.

Philippine Precedent

The story of the Philippines, however, has got around, and today Manila is the political Mecca of all the advanced elements of Indonesia. The Filipinos, it should be emphasized, are of the same race as the Indonesians and the two people are strikingly similar in character and temperament. But development has been equally strikingly different. For examples: the lowest real incomes in the Philippines are ten times as high as the lowest in Indonesia; and in education, only slightly over 5% of the Indonesians are literate in any language after three centuries of Dutch rule, while more than 50% of the Filipinos are literate in English after forty years of American rule.

The politically organized Indonesians, in seven parties federated into the Gapi, number about a half million, or about twice the total European population of the islands—including the upwards of 200,000 Eurasians with the status of Nederlanders and the 25,000 pure Nederlanders.

Chief of the Gapi is the shrewd Moehammad Hoesni Thamrin, who is a member of the Volksraad—Advisory Council whose advice need not be accepted by the government,—and who was once acting mayor of Batavia.

The long standing aim of all the parties composing the Gapi has been the attainment by legal means of a "responsible government"—a sort of dominion status under the Dutch flag. If that cannot come to pass, they desire this sort of status under the American flag—something that all intelligent Filipinos hope will continue to be their lot after 1946.

Native Leader

Mr. Thamrin, Dutch in culture himself, is not anti-Dutch. Sitting under a large, broadly smiling picture of his "good friend" President Quezon, he voiced deep appreciation of American work in the Philippines and the hope that similar work was possible in Indonesia; but he also paid full tribute to the Dutch for what they had done in administration, sanitation, soil conservation and irrigation.

He was greatly impressed with Japanese empire-building,—but NOT favorably. In his opinion, "it is impossible that China can win the war," and Japan has now gone so far that only America can prevent her from dominating the Western Pacific.

As the leading Indonesian nationalist, he seemed to be sincerely seeking in every way—particularly in future political status of the Indies—what he regards as best for his people. In the world as it is, however, he recognizes the futility of pure nationalism.

Hence, he looks to the United States as the greatest hope of progress and security in the Western Pacific,—and, as he pointed out, these desiderata are essential for the progress and security of the United States herself.

U.S. Marshal Quits Post

Gordon C. Campbell, U. S. Marshal, attached to the U. S. Court for China, has resigned his position and will return to the United States shortly in order to engage in law practice at Monterey, California. Mr. and Mrs. Campbell are scheduled to sail for the United States on June 10. Mr. Campbell is a graduate of California and Oregon Universities and came to the Far East two years ago. Mr. Campbell's successor has not been appointed, but Arthur Peterson, Deputy Marshal will take over the work temporarily.

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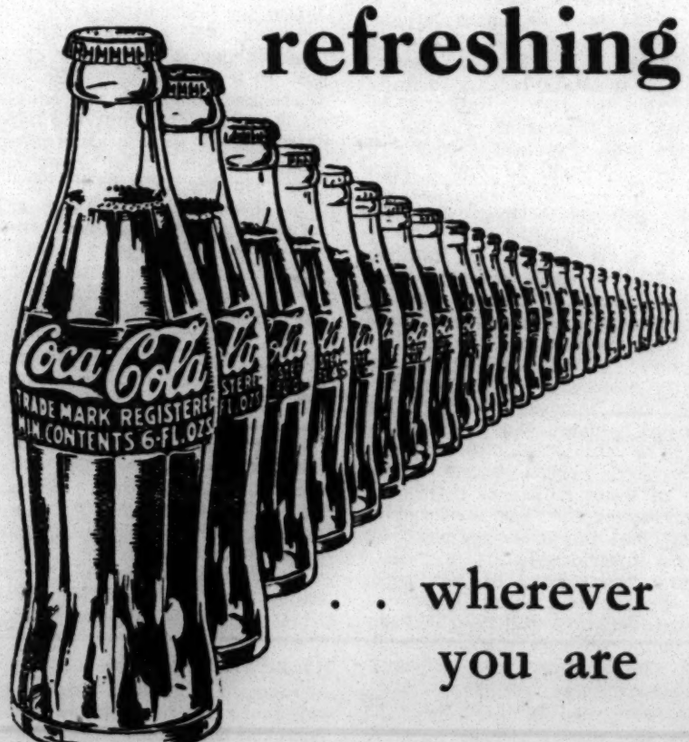

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Indo-China Awaits Next Japanese Move

Events reached a climactic stalemate in French Indo-China by the middle of the present week as world attention turned from Europe to East Asia which Japan in a newly enunciated "Monroe Doctrine" had claimed as its private preserve.

Following the French agreement to cut off all transport of arms through Indo-China to free China, and permission to station 100 Japanese rail Traffic inspectors in the colony, Tokyo on June 26 announced its recognition of the Bordeaux Government. On the following day the Bordeaux Government appointed Vice-Admiral Decoux Governor of Indo-China to succeed General Catroux who had declared when the Franco-German armistice was signed, that so long as he was Governor of the colony he would defend it from military attack. He did, however, acquiesce to the posting of the Japanese inspectors.

If proof was required to show that Japanese motives in Indo-China are anything but academic, it came with a report June 29 that Japanese forces had captured the Chinese railway station of Chennankwan on the Indo-China border. Two days later Japanese forces took Lungchow, important town west of Chennankwan. Thus was the Kwangsi and Indo-China frontier double locked, on both sides.

Preparing for the worst the French authorities had previously ordered inland, both from the coast and border regions of the colony, all French women and children. News going out of the colony was put under strict censorship on June 27.

Indications were not lacking that Governor Catroux will follow whatever lead is established by the British in Asia and will ignore dicta of the Bordeaux Government. The fact that Britain had not agreed to Japanese requests for closure of the Burma road to arms traffic with China, that Hongkong was preparing for war and evacuating all women and children and that defenses in British Malaya were being rushed, were all indicative of the British stand vis-a-vis Japan. Important too was the fact that the new Bordeaux appointed Governor of the colony will never reach his post unless British warships permit him, and until he arrives General Catroux rules.

A *Domei* report from Hongkong June 29 said Chinese forces were being strengthened on the Liuchow peninsula behind the French Leased territory at Kwangchowan. This measure was allegedly taken to safeguard the last link connecting south China with the sea, from Japanese occupation.

An important angle on the entire Far Eastern situation was the return of the U. S. fleet to Hawaii June 30 after a mysterious week-long absence. This move was regarded by the *Shun Pao* as backing up by the U.S. of an unswerving Franco-British stand against Japan and it was recalled that closure of the Indo-China railway will cut off a heavy American trade with Indo-China, particularly in Tung Oil, tin and tungsten vital to U. S. war industry.

S.M.C. Agrees to Return Land Office Registration Records to Mayor Fu

After months of refusal, the S.M.C. on Tuesday announced it would turn over Chinese Land office records which had been in its care since shortly after the 1937 hostilities here, to the Japanese Consul-General for transmission to Mayor Fu Siao-en of the City Government of Greater Shanghai.

Since early this year Mayor Fn has vainly tried to gain possession of the deeds, guarded in 312 boxes by the S.M.C., in order to add a further semblance of legality to his government and to open real estate in his bailiwick to normal business development. The S.M.C. at first countered the demand with the argument that the deeds had been received from the F.M.C. to which they were originally given for safe keeping by Mayor O. K. Yui, appointee of the National Government. Therefore, they said, it would be illegal to surrender the deeds to any but a representative of the same government.

Mayor Fu under increasing pressure from Nanking, despatched several serious notes to the S.M.C. in May and June vaguely threatening alternate action if the deeds were not turned over. He told the press at a conference in June that "certain groups" had advised him to take the matter in to his own hands and tear up all property markers in the territory under his jurisdiction if a satisfactory answer were not received shortly.

The S.M.C. answer to the Mayor's latest notes was to put the responsibility for returning the records, on the shoulders of the consular body. The responsibility was refused when the latter recalled that it had never sanctioned the S.M.C. trusteeship. This had been assumed on the authority of the American and British Consuls-General who when approached on the matter in 1937, had told the S.M.C. to establish the "fait accompli" of guarding the records and subsequent permission would be obtained from the consular. body. This plan did not succeed however when the Japanese Consul-General at the time, refused to confirm the matter.

The documents concerned affect the entire city. They contain the registration of Chinese and foreign owned property. Since the outbreak of the 1937 hostilities it has been impossible to legalize the transfer of property except in a haphazard fashion. Sale of real estate during this period has become a matter of personal trust, the bills of sale being recorded in the First Special District Court without any official deeds changing hands. Usually the seller has agreed to furnish the buyer with the undertaking to transfer the land deeds as soon as possible.

N.E.I. Appoligizes for Firing on Japanese Boat

Profound regret was expressed to the Japanese Government by the N.E.I. Government on June 22 for the incident on May 6 in which a Japanese fishing boat was fired on by a Dutch patrol plane in the vicinity of the Dutch East Indies. The note conveyed by the Dutch Minister to Tokyo General J. C. Pabst, promised punishment for those responsible for the incident and a guarantee that future incidents of the kind will not take place.

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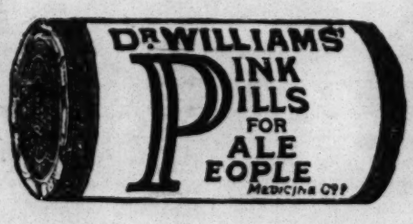

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Women and Children Evacuated as Hongkong Prepares for Worst

No sooner had Britain clarified the weakness of its Far Eastern position by capitulating to Japan on Tientsin silver June 19 than Japan on June 22 proceeded effectively to blockade the East coast of Asia by prohibiting all rail traffic between Indo-China and China and by cutting Hongkong from all communication (save air) with the interior. So tense had the crown colony's situation grown by the end of last week that orders went out June 29 for evacuation of all British women and children of pure European descent.

Only Ningpo now remains as a China coast connecting link with the free interior and that is used to a large extent for smuggling in Japanese goods which can have little effect on China's war effort. Around Shanghai the Japanese pincers draw tighter every day.

On June 24 the Japanese Foreign Office demanded of London that all war munitions traffic over roads from Burma to free China, cease. At the time of this writing Whitehall had put off a reply, indicating that its tenor might not be entirely pleasing in view of Japan's upstart policy of a "Monroe Doctrine" for East Asia. While Britain was turning away Japanese wrath with a soft answer full of promises, Hongkong was making ready for the worst.

Precautionary Measure

A despatch from the colony on June 26 admitted that "certain precautionary measures of a purely defense nature" had been adopted while unofficial reports foresaw the possibility of a Japanese blockade similar to that of the Tientsin Concession, as a measure to insure British closure of the Burma route. One precaution taken was to blow up bridges between the Kowloon Leased Territory and adjacent Japanese occupied Chinese areas.

Then on the 29th the colonial government dropped its bombshell — all European British women and children, totalling more than 5,000, were ordered to prepare for evacuation not later than July 5. The only exemptions were very significantly made for registered nurses who will be permitted to remain in the colony if they have no dependants.

The refugees would first be sent to Manila, declared the order, where the American Red Cross had prepared to receive 5,000. From the Philippines they would later be transported to Australia. The first batch of army, navy and airforce wives and their youngsters, 1,900 strong, sailed for Manila aboard the s.s. Empress of Japan July 1. At midnight of that day the s.s. President Coolidge also sailed for Manila with 100 American refugees. The Coolidge had first left Hongkong for Manila on the morning of June 30 but was subsequently recalled on orders from the State Department at Washington. The exodus of wealthy Chinese residents from the colony began June 29. By the end of the following day 10,000 were estimated to have left the colony for Manila, Canton, Shanghai and foreign lands. A London report on July 2 declared the evacuation was due to food shortage in Hongkong and had been in progress for some time past!

State of Emergency

The June 29 government order entailed what amounted to declaration of a state of seige. It did announce a "state of emergency," the first since shortly after the outbreak of war in China in 1937. On June 30 the Japanese South China Army, which has become in many ways as independent of home dominance and as truculent as the notorious Kwantung Army, suddenly terminated an agreement with British military officials to give 24 hours notice of any military moves on the Kowloon border. The agreement had been running smoothly since its inception in November 1938 but the Japanese suddenly found that the British were violating it by "passing information" on to Chungking.

While London was trying to minimize the possibilities of a crisis in Hongkong a British Army spokesman in the colony told the press on July 1 that among several considerations prompting the order for evacuation was the possibility of hostilities along the Kowloon border. "There is no danger and we anticipate none," the spokesman said. "But we have seen how Italy, friendly enough at first, was thrown into war when things were going badly for us.....We have also seen instances of army men taking things into their own hands against the wishes of their own governments."

On July 3 Hongkong received its first military Governor since 1912, when London announced the appointment of Maj.-Gen. E. F. Norton, G.O.C. commanding the Madras District, to act as Officer Administering the colony during the absence on sick leave of Sir Geoffrey Northcote.

In Tokyo the evacuation proceedings elicited pained surprize from the Foreign Office spokesman who said that Japan had never asked for it. The Japanese press huffed that the British were evidently making a great to do in hopes of arousing American sympathy.

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China Adopts First Five-Year Mass Education Plan

BY C. Y. W. MENG

ON March 1, 1939, the Ministry of Education called the Third National Educational Conference. The holding of such a meeting during this period of national crisis was a most significant step towards the reorientation of Chinese educational policy, and formed one of the important chapters in the history of Chinese education. During that conference, Generalissimo Chiang Kai-shek made an historic speech on the nation's educational goal, and said in part. "The vital life of the modern nation is composed of three factor: education, economics and military powers, but education is the basis of all enterprises, and constitutes the central link between the other two factors."

On March 11, 1940, the same Ministry called the Fourth National Educational Conference. One of the most important resolutions adopted by the Conference was the "Five-Year Mass Educational Plan." This is the first determined effort to fight against illiteracy in the country.

The latest statistics show that out of the total population of 450,000,000 in China, 90,000,000 are literates while the remaining 360,000,000 are illiterates. From this number, however, are to be deducted 40,050,000 children under six years old; 45,000,000 children ranging in age from 6 to 12; 29,250,000 children within the age bracket of 12 and 15; 79,430,000 people whose age is above 45 and 1,570,000 dumb, deaf, crippled or insane persons.

The Five-Year Mass Educational Program to run until 1944, must deal with 140,000,000 illiterates in China, according to statistics announced by the Ministry of Education. These illiterates, who range in age from 15 to 45, have not had any schooling. Children are to be taught in regular primary schools.

The number of illiterate people whom the Five Year Mass Educational Program has to aid is thus reduced to 165,000,000. Since 1938, 46,348,469 persons have been taught to read. Of this number 44 per cent were children while grown-ups and adults within the age bracket of 15 and 45 numbered 25,200,000.

At the beginning of 1940, when the Five-Year Program for mass education was launched by the Ministry of Education, the number of illiterates to be brought within its scope was roughly estimated at 140,000,000.

Operation of the Plan

By the enforcement of this plan, there should be, during the first two years, at least one "people's school" in every three *pao*. The *pao* is at once a civil and military organization for both peace and war time. Each *pao* consists of from ten to fifteen *chia*, and each *chia* consists of from ten to fifteen families. That means a *pao* consists of from one hundred to one hundred and fifty families. And from 10 to 15 *pao* make a village. Each village will have a nucleus school, according to the plan. In this way there should be at least 260,000 "people's schools" for the 800,000 *pao* of the entire nation by the end of the first two years.

Each "people's school" consists of three divisions or classes, namely, the children's division, the men's division, and the women's division. During the second two years, there should be at least one "people's school" In every two *pao*. In the fifth and last year there should be at least one people's school in each *pao*. That is to say, at the end of the fifth year there should be at least 800,000 people's schools for the 800,000 *pao* of the entire nation, besides the 80,000 or more nucleus schools and the 200,000 schools of the same grades now already existent which can be improved, to provide education for at least 90 per cent of the entire number of children of school age. As a matter of fact, certain provinces have already succeeded in establishing one or even two "people's schools" in each *pao*. Kwangsi Province, for instance, has at present one "people's school" in each *pao*, while Fukien Province even has two "people's schools" in each pao. The fulfillment of the Five-Year Plan will require at least $2,932,000,000 and 1,600,000 properly trained teachers.

Productive Education

The vocational education aims at building a sound middle cadre for the various professions and industrial enterprises. There are training schools and short-time classes for mechanics, electrical communications, metal work, etc. Also, special classes are opened in more than ten colleges and universities for advanced studies along such lines.

That the Chinese are making attempts to universalize productive education may be evidenced by the incorporation of productive education courses into the middle school curriculum, besides instituting organizations for the same in various vocational schools in order to facilitate the practice of students along such lines. In the lower grade of the middle school, wood-working, gardening, and elements of agriculture are taught, whereas in the upper grade of the middle school, foundry and blacksmith work are incorporated. That such an educational system has achieved good results may be evidenced by the ever increasing number of specialists, technicians and experts taking part in our war of resistance, and by the percentage increase of the number of students of science and engineering as shown by the statistics for our national conformity college entrance examinations. In 1938, for example. Only 33 per cent of the entire number of students who

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took part in the examination studied science and engineering, but in 1939, this proportion jumped to 59.4 per cent.

Educational Budgets

Turning to the financial side, we are told that the first year's tentative budget is $190,000,000. This will be proportionately borne by the central, provincial and county governments and there should be no great difficulty in raising the fund on that basis, according to Mr. Chen Li-fu, Minister of Education.

The annual budget, the Education Minister has said, will be increased to $480,000,000 by the fifth year — 1944 By that time it is predicted the foundation for the local government system will have been solidly laid. The county governments run completely on a self-governing basis will be able to adhere to the principles governing mass education as laid down by the late Kuomintang Leader, Dr. Sun Yat-sen. These principles call for the initiative of the people themselves in raising the finance for their own enlightment.

Commenting on personnel, Minister Chen said that there are at present approximately 700,000 primary schools in China. For the first year the number of qualified teachers is to be increased by 200,000 on the basis that 65 per cent of the Five-Year Mass Plan must be completed by the end of the first year. All the provincial, municipal county governments, Mr. Chen stated, have started training mass education staffs.

The Ministry of Education is reported to have mapped out plans for giving supplementary training to those already engaged as teachers in primary or mass education schools so that their qualification may be brought up to the desired standards. Such subsidiary education will be given in special training classes conducted by the various provincial, municipal and county governments during vacation periods.

Occupied Areas

In "occupied" areas, Mr. Chen went on, methods for spreading mass education may be devised to suit the circumstances prevailing in the various districts. In counties where the county seat is under Japanese occupation while Chinese are in control of the surrounding villages, for instances, the system which may be known as "Cooperative Education" will be used. Each *pao* will engage a teacher who may give his lessons in one home or go from one home to another. The salary and board for the teacher will be equally borne by the ten families in the *pao*.

In other words, the Chinese leaders have realized that education is one of the fundamental requirements for the existence of a nation, and must provide the nation with literate masses, intelligent and upright citizens, learned persons, experts and specialists. To carry out this grave responsibility assigned to his department, the Minister of Education said, "I (Chen Li-fu), as its Minister, together with my colleagues and the culturists and educators of the entire Nation, have come to the conclusion that illiteracy *must be wiped out at once*, that a better system of technical education must be built up, that higher learning must be further promoted, that character education must be universalised, these considerations have led us to formulate and adopt the *first* Five-Year Mass Educational Plan, in accordance with the resolutions adopted by the National Congress of the Kuomintang convenced in April, 1938, which resolved upon a dual Program of Armed Resistance and National Reconstruction."

Present State of Education

Of course, our cultural and educational institutions have sustained a tremendous amount of loss, but they are striving to maintain their regular courses with undaunted spirit through almost insurmountable difficulties. In fact, as a result of the War, most of our cultural and educational institutions formerly located in the coastal provinces have been removed into the interior and have been playing an important part in developing the culture and education in the interior provinces. For instance before the war there were only 33 universities and colleges in the interior, now there are 102. Detailed figures of students, staffs, and institutions by the end of 1939 are as follow:

	No. of Institutions	*Faculty Members*	*Students*
National Colleges and Univs. ...	26	2,877	19,712
National Technical Schools ...	10	411	1,189
Provincial Colleges & Univs. .	9	739	2,445

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Provincial Technical Schools .	10	344	903
Private Colleges & Univs.	38	3,161	16,391
Private Technical Schools	9	329	854
Total	102	9,961	41,494

Most of these institutions are now located in the southwest, where Chinese students are leading a war-time hard life.

In 1936, a normal year, 32,888 students were enrolled in Chinese educational institutions. When the hostilities began in the following year, the number dropped to 25,766. By the end of 1939, the number had climbed to the 40,000 mark.

The faculty and administrative staffs of these institutions has also increased in number. The same survey shows that the various staff's personnel totalled 9,961 in 1939, as against 7,666 in 1936 and 7,146 in 1937.

The loss of institutions resulting from Japanese destruction on the seaboard has been counterbalanced by the establishment of others in the interior. At present China has 102 institutions of higher learning, whereas before the War the number was 108. About three-fourths are located in Free China, having been removed from their original sites in the coastal provinces.

Soong Goes to U.S. to Get Help for China

T. V. Soong, head of the Bank of China and former finance minister, arrived in Washington on June 28 after a hasty Trans-Pacific Clipper plane trip. He conferred with President Roosevelt on two consecutive days, Monday and Tuesday. He also had talks with the secretary of state. Cordell Hull, the Secretary of Treasury, Henry Morgenthau, the head of the Export-Import Bank, Warren L. Pierson, and the head of the Reconstruction Finance Corporation, Jesse Jones. On Sunday he had a long talk with Senator Key Pittman chairman of the Senate Foreign Relations Committee.

Informed quarters in Washington stated that Mr. Soong is seeking new American credits for China or the application of an American embargo against the shipment of American raw materials to Japan. By this method, it is believed, China will be able to offset the effects on France's agreement to cut off Chinese supply routes through Indo-China Mr. Soong told the press he would reveal the purpose of his visit this week.

Some quarters in the American capital believed that the United States might make some new gesture of support of Chungking, particularly to counterbalance any adverse psychological repercussions in China in case the United States fleet is moved out of the Pacific.

Meanwhile, it is currently rumored in Shanghai that Mr. Soong is negotiating a new American specie loan to finance China's continued resistance to Japan. It is also alleged that Mr. Soong might replace Dr. Hu Shih as new Chinese Ambassador to Washington.

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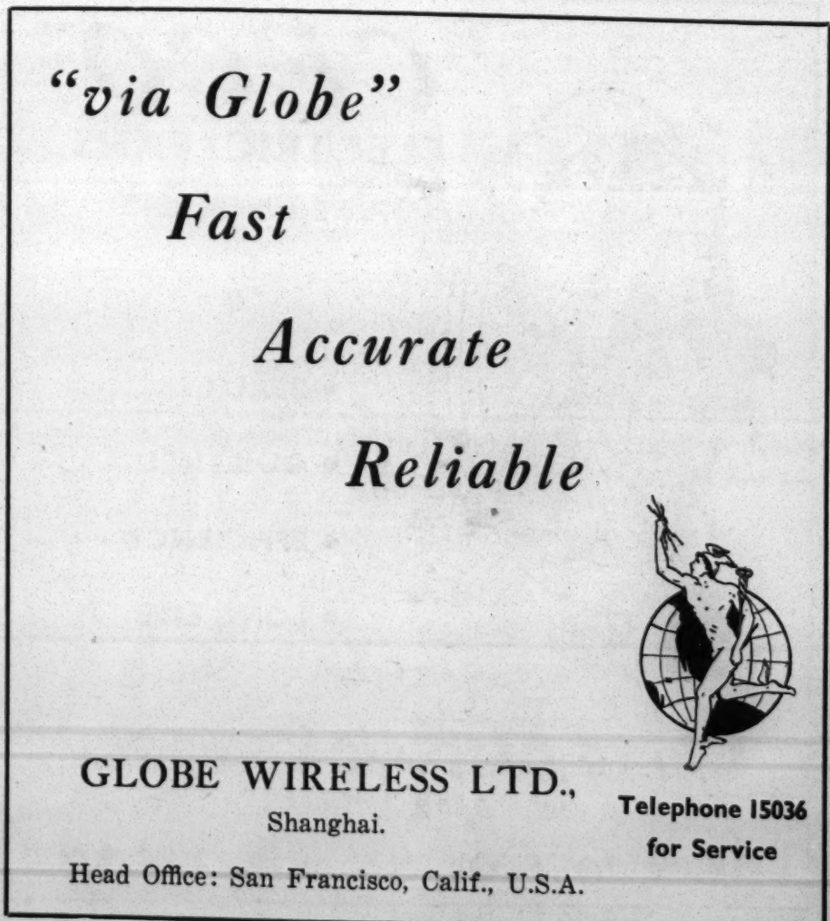

Japan Enunciates a New "Monroe Doctrine" for East Asia

Ever an imitator of the successful. Japan has taken long strides during the past weeks to adopt for the "new order in East Asia" those policies in military, domestic and foreign spheres which have apparently been so successfully used by their Western originators.

The blitzkrieg employed by Germany against the Allies was adopted to the Japanese campaign in China when, starting early in June and continuing to the present, masses of bombing planes have attempted the annihilation of Chungking and of the Chinese will to resist. In the field of home affairs the totalitarian single party, conception of the Axis partners, is now in process of being adopted to facilitate complete cooperation of the Japanese nation for prosecution of the empire's "destiny."

The third of the new adaptations was promulgated by Foreign Minister Hachiro Arita in a nationwide broadcast from Tokyo on June 29, when he enunciated a "Monroe Doctrine" for East Asia imitating in some measure the doctrine by which the Americas are protected under the aegis of the United States.

Moves Complementary

The three moves are complementary and in their entirety will probably mould themselves to Japanese conditions in a new ideological concept of the state-mass dictatorship different from any one of the original forms from which they spring.

While Mr. Arita's broadcast was directed particularly at the United States, it was aimed also at the European Axis whose post-war might may turn out a serious embarrassment to Japan in her desire for sole hegemony in East Asia.

The speech was given a decidedly cold reception in the United States where it was pointed out that the new Japanese policy differed radically from the American doctrine which had long since abandoned a diplomacy of intervention for one of cooperation.

The complete text of Mr. Arita's address is given below:

Immutable World

"Since the foundation of the Japanese Empire, the ideal of the nation has been the realization of a world in which all nations are fixed in their due positions.

"For the realization of this ideal, Japan has never hesitated, even as far as to go to war and risking everything.

"Mankind has been longing for the realization of a world peace, but it goes without saying that world peace will not last unless the nations find their due places in the world.

"I regret to say, however, that a realization of world peace in this sense, in a brief period of time, cannot be hoped for in the present stage of progress of the human being.

"Thus, in order to bring about this ideal, various racial groups which are bound by geographical, racial, cultural and economic ties, should first form a unit based on the principle of live-and-let-live enabling them to maintain peace and order among themselves.

"Such a peace bloc thus formed should then establish harmonious relations with other similar blocs, following a line of mutual prosperity.

Natural Process

"I believe that this is the natural process for the realization of world peace.

"The cause of human struggles lies usually in the fact that this natural and constructive system is neglected, and things irrational and unjust handed down from the past remain unadjusted.

"The world has been, and is still experiencing this, and the outbreak of the European war supports my attestation to this fact.

"In order to realize international peace on an everlasting basis, efforts should be made to correct such mistakes.

"The Japanese nation has been engaged in the establishment of a new order in East Asia on the basis of this spirit. As previously announced, Japan's policy in terminating the Sino-Japanese conflict is not incompatible with the existence of China.

"On the contrary, it aims at good neighborliness and mutual prosperity between Japan and China.

"I regret to say that there are some nations which fail to understand the significance of the reconstruction of East Asia by Japan for the aforesaid great cause, and continue to support the Chiang Kai-shek regime interfering with the realization of peace in East Asia.

Urges Reflection

"I have been urging their reconsideration, but on this occasion I will request their reflection, and at the same time express the nation's firm determination to exterminate their pro-Chiang activities by every possible means.

"There are those who disapprove of a change in the *status quo* by force of arms, regardless of the reasons therefor.

"It is for the purpose of bringing about a just and permanent peace that Japan has been fighting in China for the past three years. Her employment of armed force was an act undertaken only to realize a lasting peace.

"The sword she has drawn is done only to make justice manifest.

"The countries of the East and the regions of the South Seas are geographicaly, historically, racially and economically very closely related to each other. They are destined to cooperate and minister to one another's needs for their common well-being and to promote peace and progress in their regions.

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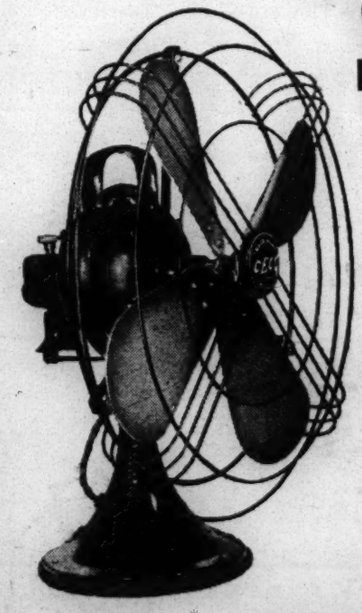

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"The uniting of all these regions under a single sphere on the basis of common existence and insuring thereby the stability of that sphere is, I think, the natural conclusion.

"The idea to establish first a righteous peace in each of the various regions, and then establish collectively a just peace for the whole world, has long existed, also in Europe and in America.

Stabilizing Force

"This system pre-supposes the existence of a stabilizing force in each region with which as a center the peoples within that region are to secure their co-existence and co-prosperity as well as the stability of their sphere.

"It also pre-supposes that these groups will respect one another's individual characteristics, political, cultural and economic, and they will cooperate and fulfill one another's needs for their common good.

"When the present European war broke out, the Japanese Government at once declared their policy of non-involvement and made it clear that this country did not intend to intervene in Europe, and at the same time did not want to see the war spread into East Asia.

"Naturally, Japan expects that the Western Powers will do nothing that will exert any undesirable influence on the stability of East Asia.

"Japan, while she continues her task of constructing a new order in East Asia, is paying serious attention to the developments in the European war, and to its repercussions in various quarters of East Asia, including the South Seas region.

"I desire to declare that the destiny of these regions, including any development therein and any disposal thereof, is a matter of grave concern to Japan in view of her mission and responsibility as a stablizing force in East Asia."

Chinese, Japanese Proscribe Traitors

While Chungking has taken drastic action against twenty-one more rebels against the state, Japanese military authorities in North China recently put to death seventeen Chinese accused of conducting espionage activities for Chungking in Inner Mongolia.

In a mandate issued on June 25, the National Government in Chungking ordered the arrest and punishment of the following persons who have joined the rebels:

Kwang Chi-tung, Hsu Hsi-ching, Hsu Li-chiu, Chin Chang, Ku Shih-mou, Lin Chung-yuan, Kuo Ya-yung, Wang Hsi-wen, Huang Sui-tzu, Hsiao Han-chung, Lu Pao-yung, Lu Pao-yung, Shang Chun-ming, Lu Tsung-chin, Chu Tse, Li Chung-yu, Lin Yu-yen, Wang Tao-yuan, Chow Yin-hsiang, Huang Kang-chung, Ho Jen-hun.

According to o communique issued on June 24 by the Japanese military authorities in Kalgan, five Chinese were recently sentenced to death and twelve other to prison terms on charges of spying for Chungking. Among those sentenced to death were Yang Kin-sheng, former industrial Commissioner of Kalgan, and Chang Min-tao, former chief of the Peace Maintenance Section of the Police Affairs Bureau. The Japanese communique charged that these men, besides carrying on espionage work, also plotted the assassination of leading Japanese and Mongolian officials.

Meanwhile, the Japanese authorities in Tientsin are taking more stringent measures to round up alleged anti-Japanese elements. Branch headquarters of the Japanese Gendarmerie Force in Tientsin have been established in both the British and French Concessions in accordance with the recent French-Japanese and Anglo-Japanese agreements in Tokyo regarding the Tientsin issue, whereby Japanese gendarmes will be permitted to effect arrest of persons whom they regard as inimical to Japanese interests.

Wang Keh-min, deposed head of the North China regime, who returned to Peiping last week from a visit to Tokyo, was reported to be leaving Peiping for Tsingtao shortly. He issued a farewell message to the Peiping press last weekend announcing that he will retire from politics. Wang was recently made supreme advisor to the North China Political Affairs Commission.

Pu Yi Returns to Manchukuo After Visit to Japan

After a one-week tribute-bearing visit in Tokyo, Henry Pu Yi, whose Japanese conferred title is "Emperor Kangte of Manchukuo," set out on his return to to Hsinking (Changchun) this week. Kangte arrived in Tokyo on June 26 on a state visit during which he offered congratulations to the Japanese Emperor on the 2,600th anniversary of the founding of the Japanese Empire and paid respects to the Japanese imperial family and the imperial shrines.

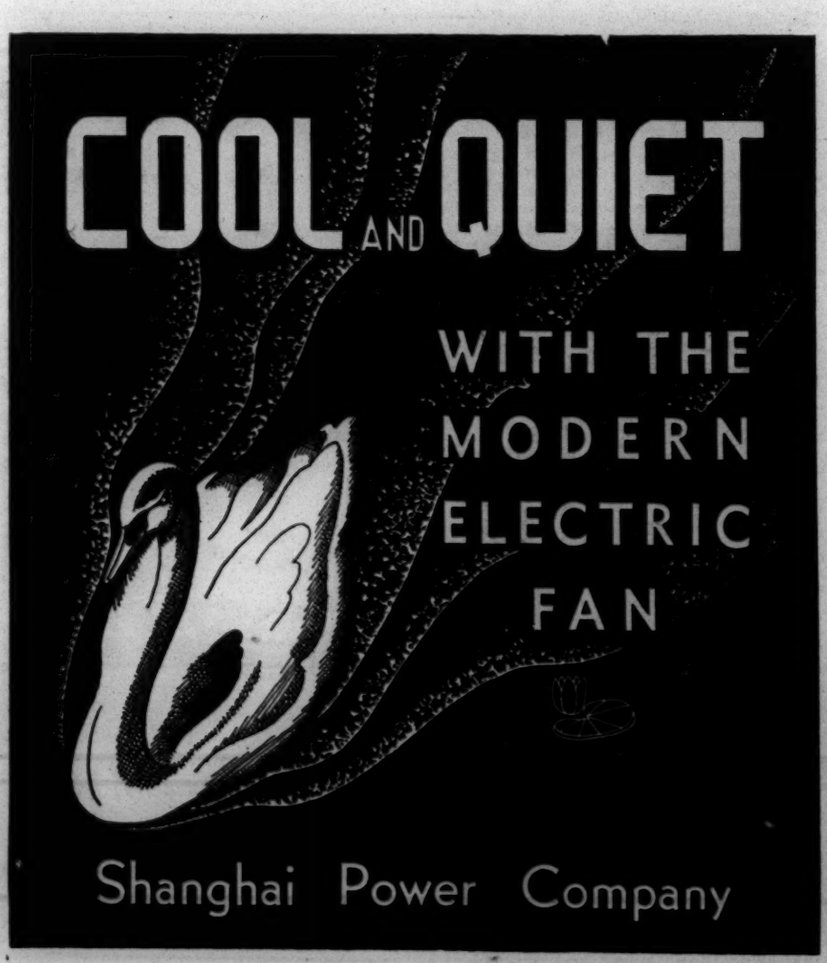
In welcoming the puppet Manchukuo ruler, Premier Admiral Yonai said that Japan and Manchukuo are bound by an everlasting tie based on mutual respect, trust and cooperation.

Kangte was entertained by the Japanese Emperor and other Japanese dignitaries. As a mark of appreciafor the hospitable reception, he donated Yen 200,000 to the Japanese soldiers' welfare fund.

Kangte left Tokyo on July 2 for the Kwansai district to visit the Japanese state shrines and imperial mausoleum en route to Manchukuo.

Army Men Die in Crash

Col. Yu Hsin-cha and Col. Liu Wei-chow, counsellors of the Chengtu office of the Military Affairs Commission, were killed at Tsaiyuanpa, near Chungking, on July 1 when their automobile skidded and fell into the Yangtsze River.



Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

May 28

At least 1,000 Chinese civilians were killed and wounded, 700 houses demolished and 1,000 houses damaged as the result of a mass "blitzkreig" air raid in the German Nazi fashion on Chungking carried out by 108 Japanese naval bombers which dropped more than 500 bombs over various parts of the city proper. The business section of the city was reduced to a mass of ruins. The Soviet and French Embassy buildings damaged, while the houses of several foreigners were hit. The systematic bombing of Chungking by the Japanese for the past three days, including today's raid, brought the casualties to at least 2,000, according to a **United Press** survey.

Japanese sources in Peiping admited the killing of two Japanese aviators, Lieut. Mochihara and Warrant Officer Kuwahara, when their plane crashed behind Chinese lines in central Szechwan during a raid on May 19.

Members of the Nanking Mission to Japan, headed by Chen Kung-po and Chu Min-yi, two high officials of the Nanking regime, departed from Tokyo for Osaka on May 26 on their return to China.

⁂

May 29

"The Japanese intend to bomb Chungking daily, until the spirit of resistance of the Chinese is broken," stated Commander Okino, Japanese naval spokesman, at a press interview in Hankow.

For the fourth consecutive day, Japanese bombers raided Chungking. Seventy-two planes participated in the attack, heavily bombing civilian refugee centers, schools and public buildings in the western suburbs of Chungking. Chungking University hit by at least 50 bombs and completely wrecked. Number of casualties unascertained.

Nanking regime issued statement of intention to repudiate a contract for a 480,000 franc French railway loan to Chungking on security of surplus of Customs revenue for the construction of a new railway between Kunming and Shuchow in southern Szechwan.

⁂

May 30

Japanese aircraft, for the fifth successive day, raided Chungking and heavily bombed the western suburbs of the city. Air raid alarms sounded for three hours, beginning at 9 a.m. Latest reports revealed that during the Japanese bombing on May 27 when the Futan University and Middle School, west of Chungking, were badly damaged, Dr. Sun Han-pin, dean of the University, a well-known educator, and six students were killed and 20 others injured. The funeral service for Dr. Sun, a graduate of Harvard University, was held in Chungking yesterday.

A group of American missionaries in Chungking cabled President Roosevelt, Secretary of State Cordell Hull and Congressional leaders asking that measures be taken to halt the flow of American war materials to Japan. The cable said: "The appalling bombings of this city for four consecutive days by hundreds of Japanese planes compels us again to protest at America's continued sale of gasoline and scarp-iron to Japan which has made the massacre of civilians and destruction of educational institutions possible."

More than 10,000 Japanese troops said to have been killed and 30,000 wounded during the past two weeks in the Tsaoyang sector, in northern Hupeh, according to Chinese military spokesman in Chungking.

Wang Keh-min, head of the puppet North China regime, reported resigning; Wang I-tang, president of Nanking's Examination Yuan, mentioned as his successor.

The Japanese Navy has destroyed a total of 764 Hongkong registered Chinese junks near Hongkong waters since the outbreak of the Sino-Japanese war, according to the Hongkong Legislative Council's fishing industry report.

⁂

May 31

Captain Walter Sinnes, German chief of Gen. Chiang Kai-shek's personal bodyguard, interviewed by **The China Press** upon his arrival in Shanghai from Chungking, said that Japanese airbombings of Chungking only steel the Chinese determination to fight on to win the war. He added that the Chinese have enough resources and men to continue the war indefinitely, while at the end of three years Japan will find herself in "an extremely serious situation." Captain Sinnes is returning to Germany by way of America.

The Japanese Embassy spokesman in Shanghai described the current Japanese air raids on Chungking as "a necessary surgical operation to cure the evil of the Sino-Japanese hostilities." The spokesman assailed the appeal sent by American missionaries in Chungking to Washington urging the U.S. Government to stop further shipments of military supplies to Japan in view of the "massacre of civilians and destruction of educational instutions in China" as the result of Japanese aerial bombings.

Educational institutions stated to be among the worst sufferers by the recent Japanese air bombings on Chungking. Among the schools bombed and damaged were the Futan University on May 26, Chungking University, National Medical College, and Szechwan Educational Institute in Chungking.

Three thousand casualties resulted from the five days of consecutive Japanese air raids over Chungking ending yesterday, relief circles in Chungking estimated. This figure included 1,000 killed and 2,000 injured.

⁂

June 1

The Foreign Office in Chungking categorically denied recent radio reports from Rome alleging that the Chinese ambassadors to London, Paris and Berlin had suggested to Chungking an early

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peace with Japan in order to associate with the European Axis Powers.

Madame Sun Yat-sen, in an article published in the **Hsin Hua Jih Pao**, Communist organ in Chungking, on May 31, said that despite Japanese dreams" of an imminent split among the political parties of "Free China," the resistance against the Japanese invasion during the past three years has increased and expanded the nationalistic spirit of all classes of the Chinese people.

Mrs. Wang Pao-yin, 27-year-old Cantonese woman and neice of Tseng Chung-min (secretary of Wang Ching-wei, who was assassinated in French Indo-China last year), murdered in Shanghai. Political motive suspected behind the killing.

Forty American educators and foreign missionaries in Chungking and other cities of Szechwan yesterday cabled President Roosevelt and Secretary of State Cordell Hull, protesting against repeated Japanese air raids on civilian centers and educational establishments and urged the immediate cessation of shipments of American gasoline and scrap-iron to Japan.

♣

June 2

Declaring that China must be firm in its struggle against all "imperialistic poisons," Dr. Sun Fo, President of the Legislative Yuan, in a statement commemorating the 100th aniversary of the Opium War of 1840, said that China is determined to emancipate herself from foreign subjugation.

Dr. Quo Tai-chi, Chinese Ambassador to London, yesterday visited the British Foreign Office and expressed the Chinese Government's concern over recurrent negotiations for an Anglo-Japanese trade agreement.

Killers Get Death Penalty

Three young Chinese, Tsoong Kyo-tsoo, 24, Woo Sung-ya, 24 and Tsoong Pyi-tsoo, 21, were sentenced to capital punishment at the First Special District Court on June 26, for perpetrating the most brutal murder thus far registered in Shanghai's annals of crime. They enticed three pupils from the Yates Road School by offering to take them to a circus now showing on Bubbling Well Road. After visiting the circus the men took the boys to the ruins of the old Commercial Press property in Chapei, where they were strangled to death and their bodies buried in the debris. The abductors then telephoned the parents of one of the lads and demanded a ransom. To prove they were holding the children, the kidnappers sent the father a wrist watch worn by one of the boys. They succeeded in forcing the parents to hand over the sum of $1,500, but the police were notified and the culprits apprehended. It was brought out at the trial that two of the men had once been employed by a shop owned by Pan Kan-tao, father of one of the murdered boys. The victims were Shen Yung-kong, aged 9, Wang Chang-fah, aged 11 and Pan Tse-chang aged 11. The kidnappers were alleged to have lost money at a local gambling house.

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SHANGHAI

Who's Who in China

Tang Wen-chih, scholar and educator; born at Taitsang, Kiangsu, Oct. 16, 1865; studied at Nanching Literary Academy in Kiangyin, Kiangsu; obtained the "Hsiu Tsai" and "Chu Jen" degrees under the old Chinese examination system at the early ages of 15 and 17 respectively and won the

唐文治字蔚芝

Tang Wen-chih

"Chin Shih" degree at the age of 28 in 1892; passed the diplomatic service examination and joined the Tsung-Li Yamen in 1896; served as first secretary to the Imperial Chinese Delegation to the Coronation of King Edward VII of Great Britain; travelled extensively in Europe, America, Russia and Japan to study political and social conditions; appointed Vice-Minister of Commerce, 1903; promoted the Shanghai-Tangchow-Ningpo Railway and the Chambers of Commerce in Shanghai and other cities in Kiangsu; President of Nanyang University, Shanghai, 1906-1919; founded the College of Chinese Classics and Culture at Wusih, Kiangsu, 1919 and has since served as its President (After the outbreak of the current Sino-Japanese hostilities, the College was first moved to Kweiling, Kwangsi and then to Shanghai); special lecturer on Chinese philosophy and literature at National Chiao-Tung University, Shanghai, since 1938; generally regarded as the foremost scholar in Chinese classics and culture; author of more than thirty philosophical and literary works including: 1. Quintessense of Chinese Classics; 2. The Thirteen Classics Analyzed and Annotated; 3. An Interpretation of the Book of Changes; 4. Principles of Chinese Literature; 5. Techniques of Chinese Writing; 6. Principles of Chinese Literary Criticism; 7. A Study of the Philosophy of Chu Hsi (Confucian Scholar in Sung Dynasty); 8. A Study of the Philosophy of Wang Yang-ming (Noted philosopher in Ming Dynasty); 9. Collected Essays; address: 44 Nanyang Road, Shanghai.

Men and Events

Randall Gould, editor of the *Shanghai Evening Post*, and Mrs. Gould, have gone to north China on a vacation trip.

*

Capt. William Wilterdink, now stationed at the 12th Naval District, has been appointed officer in charge of the U. S. Navy Purchasing Office in Shanghai.

*

The offices of the Soviet Embassy and Consulate-General in Peiping were formally closed on July 1. The Soviet authorities have now closed all consular offices located in Japanese occupied areas in China.

*

Dr. Ken Kure, 57-years old, an authority on heart and nervous diseases and also known as a painter and writer, for many years a member of Tokyo Imperial University, died of hardening of the cardiac muscles, on June 27.

*

Fr. Vincent Lebbe, naturalized Chinese of Belgian parentage, died in Chungking on June 24. His death was due to gall trouble contracted in Shansi several weeks ago when he was held prisoner by the Japanese military.

*

Dr. J. C. Geiger, director of public health of the city and county of San Francisco, passed through Shanghai last week on a trip through the Orient for the purpose of inspecting health conditions in Far Eastern ports.

*

Creighton Lacy, son of the Rev. and Mrs. Carleton Lacy, has returned to Shanghai from Swarthmore College, Philadelphia, where he completed the sophomore year. After spending the summer with his parents, he plans to return to school in the autumn.

*

The British shipping firm, Moller's Ltd., made another donation of Y.2,000 to the fund for the care of wounded and sick Japanese naval officers, on June 27. The donation was made personally by Eric Moller, head of the company.

*

Eleven persons were burned to death in a fire which destroyed a Chinese restaurant at Cagayan, Philippines on June 28. The fire, one of of the most disastrous in the city's history, caused a loss of Pesos 300,000.

*

The marriage of Miss Mary Dare Lane and Samuel S. Gilbert, both of Shanghai, took place on Sunday afternoon, June 30, before Judge Milton J. Helmick. The wedding was followed by a reception at the home of Mr. and Mrs. P. F. LeFevre of the Texas Company. Mrs. LeFevre is a sister of the bride. Mr. Gilbert, until recently, was connected with the National City Bank. Following a trip to North China, Mr. and Mrs. Gilbert will proceed to the United States where they plan to reside.

K. E. Graham of the gasoline division of Standard-Vacuum Oil Company, returned to Shanghai last week, aboard the President Coolidge, following a vacation trip to the United States. He was accompanied by Mrs. Graham and they are residing temporarily at the Metropole Hotel.

*

The prize war declaration of the week was attributed by *Reuters* to the spokesman of Rome, presumably Mussolini, who advised Hungary and Bulgaria "to wait patiently before pressing their claims against Rumania....the moment will come *when their claims can be realized peacefully!*"

*

A large ceiling fan at St. Joseph's Church, 36 Rue Montauban, French Concession, fell on Sunday morning, June 30, causing the death of a Chinese worshipper named Chow Mei-sun. He was struck and severely cut on the head by one of the blades of the fan and later died in hospital.

*

The Central China Railway Company has announced the completion of a new railway station at Pukow on the Yangtsze, opposite Nanking. The old station was destroyed by the Japanese at the time of the occupation of Nanking three years ago. The Central China Railway Company is a Japanese concern organized by the Japanese Army to operate the railways which were seized at the time of the Japanese occupation.

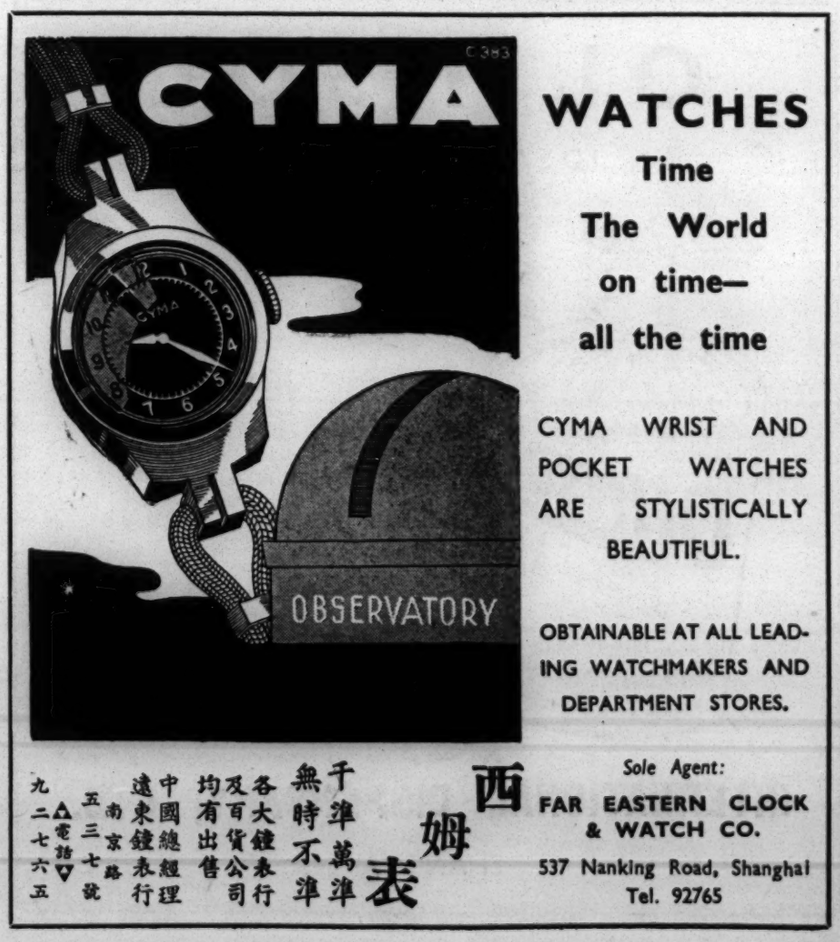
James Reed, graduate of Annapolis and Massachusetts Institute of Technology, now President of San Francisco Distributors and general manager of Golden Gate Bridge and Highway District, was appointed to the Board of Directors of the American President Lines, according to announcement of the Shanghai office of the company this week. Mr. Reed will assume the office previously held by the late Joseph R. Sheehan.

*

The British Ministry of Supply, on June 29, ordered a further restriction in the size of newspapers, the order to become effective on July 1. The order also increases the maximum price of newsprint paper from £22:10 to £24 a ton and prohibits the return of unsold copies of newspapers by news stands, except under license. The Japanese authorities also have ordered a reduction in the amount of newspaper pulp that may be imported into the country.

*

A Chinese tailor named Kou Kuo-hwa was sentenced to 100 days in jail or a fine of $300 on June 27, for over-working and starving two apprentices in his shop. The apprentices, Kou-tse, aged 17 and Sun Lee-yun, 15, were found in the shop by Police sub-inspector M. H. M. Varnell, and taken to the hospital where they were found to be suffering from over-work and under-nourishment. One had serious ulcers on his legs. It was brought out in court that the tailor had forced the boys to work from 8 a.m. to midnight daily and had provided them poor food and sleeping quarters.



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A Japanese company (*Havas* report) has begun work of salvaging the sunken President Quezon, 14,187-ton ship, which foundered in a storm near Tanegashima, Japan on Jan. 27 last. The report stated that several Japanese salvage companies investigated the wreck but decided the ship could not be refloated. One concern, the Okada-Gumi Company, however, decided to dismantle the ship on the seabed. The company announced its intention of building two new ships, each of 10,000 tons from the plates of the President Quezon.

•

Chinese Tung-Oil, or "wood-oil," which is widely used in the paint and varnish trade in the United States, now has a dangerous competitor in Oiticica Oil, pressed from the seed of a tree which grows in Brazil. When the Japanese militarists cut down China's export of Tung Oil to the United States by means of the blockade, American manufacturers sought a substitute. According to an article in *Business Week* Oiticica Oil may prove to be a satisfactory substitute. Imports of the Brazilian oil jumped from 3,631,000 pounds in 1937 to about 20,000,000 pounds in 1939 and the price advanced from US$0.13 a pound to US$0.18 a pound. Tung Oil is quoted from US$0.23 to US$0.26 a pound.

•

The Kwang Yuan, 28-year-old tramp three-master, which sailed from Chefoo three years ago, is still anchored in San Francisco harbor, according to an article in *Time*, May 27. The ship is "commanded" by Capt. Chan Tze-ming and "Chief Engineer," Wang Chi-fu, both former members of the Chinese crew. When the ship finally reached San Francisco there was a near riot on board when the Chinese crew discovered that the "Chinese" company which had bought the Kwang Yuan, was a camouflaged Japanese outfit which placed three Japanese officers aboard and proceeded to load the ship with scrap-iron destined for an Osaka company. After considerable fighting the Japanese officers charged the Chinese crew mutiny, but the Chinese Consul-General was granted legal jurisdiction over the boat as it flew the Chinese flag. He placed Chan and Wang in command and they are still in command of the Kwang Yuan, which was described as having its deck covered with rust and its hull with barnacles.

寶青春

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Ben F. Schaberg, physical director of the Foreign Y. M. C. A. was married, Saturday, June 29, at Community Church, to Miss Ivy M. Watson of Shanghai. The wedding was followed by a reception at the Park Hotel.

*

The death occurred on Friday, June 28 at the Shanghai Country Hospital of Miss Viola Cunningham, for the past 12 years connected with offices of the National City Bank in South America and at Shanghai. Funeral services were held at the Kiaochow Road chapel on Tuesday, July 2. Miss Cunningham, who had been ill for sometime, had planned to return to her home in the United States this month, but suddenly became worse and died at the Country Hospital.

*

The Italian propensity for duelling, evidenced in Tokyo two weeks ago when an Italian Embassy secretary challenged Wilfred Fleisher, managing editor of *The Japan Advertiser*, American paper, to a duel, has spread to Shanghai. On Friday, June 29, the Italian Consular Court in Shanghai sentenced Captain Guido Pezzini, first officer of an Italian merchant vessel to prison for four months for allegedly challenging his superior officer to a duel. The alleged affront resulted when Capt. Francesco Scarfi, naval officer at the local Italian consulate-general, suggested that Capt. Pezzini was loth to sail his ship from Shanghai due to fear of seizure by British warcraft. Capt. Scarfi was also alleged to have told Capt. Pezzini that he would be regarded as a deserter if he abandoned his ship at Shanghai. A stormy scene developed, resulting in Capt. Pezzini being ejected from the Consular premises. He then sent two seconds to call on Capt. Scarfi and challenged him to a duel. The sentence of four months passed on Capt. Pezzini was later suspended for five years.

Robert Komor, son of Paul Komor returned to Shanghai this week from the University of California where he received the degree of Bachelor of Science. After visiting with his parents, young Komor plans to return to the United States where he has a position with a large engineering concern. Mr. Komor, Sr., is a well known resident of Shanghai, who is a member of the European Jewish Emigree Relief Committee.

*

The Chinese *National Herald* stated that the number of Japanese, exclusive of military elements, now in China, is 250,000. The figures, allegedly were based on Japanese reports. The report stated that the number in Shanghai was 65,154; Peiping, 56,268; Tientsin, 46,662; Tsingtao, 29,968; Kalgan, 15,542; Tsinan, 15,193; Canton 11,121; Amoy, 8,083; the remainder being scattered in Hankow, Chuanhua, Tatung, Paotou, Paoting, Tangku, Shanhaikwan, Hsuchow, Nanking, Wuhu. Pengpu, Wuchang, Soochow and other cities.

*

Mrs. Trissa Darnall Smith, 52, wife of B. Ward Smith, activities secretary of the Navy Y. M. C. A., died on Wednesday, June 26, at their apartment at the Navy Y. Mrs. Smith is survived by her husband, two children, a daughter, Marjorie, who is a teacher at Greely, Iowa, a son, Boyd, who is a student at Coe College, Cedar Rapids, Iowa, and a brother, C. A. Darnall of Bartlettsville, Oklahoma. Mrs. Smith was born at Centerville, Iowa. The funeral service was held on Friday, June 28 at the Kiaochow Road chapel, with the Rev. Carleton Lacy, officiating, followed by interment at Hungjao Road Cemetery, with the Rev. R. R. Marken, Chaplain of the U.S. Fourth Marines officiating. Pall bearers were P. M. Anderson, W. E. Hines, Lyman Hoover, M. C. Guss, Victor Hanson and H. H. Cameron.

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New Books of Interest in the Far East

Aggression

FACTS AND FIGURES CONCERNING THE FAR EASTERN SITUATION—Edited by Mousheng Hsitien Lin, Research Associate, China Institute in America, New York, China Institute, 1940. Paper, 47 pages, U.S.$.25.

JAPANESE AGGRESSION AND THE LEAGUE OF NATIONS, 1939—Vol. VII. Geneva, Press Bureau of Chinese Delegation. Paper, 91 pages. 10 francs.

JAPAN CLOSING THE "OPEN DOOR" IN CHINA—By John Ahlers. Prepared under the Auspices of the Council of International Affairs, Chungking. Shanghai, Kelly and Walsh, Ltd. 1940. Cloth, 125 pages.

These three publications deal with the economic and military problems presented by the Japanese War. The first small pamphlet is a terse and useful summary of facts concerning the situation. The definite quotations brought together from Konoye, General Chiang, Nakano, Uyehara, Takao Saito, treaties and diplomatic notes, give good source material. The tables relating to the course of the war, the financial conditions of the two countries and the political trends contain well chosen material.

The volume published by the Press Bureau of the Chinese Delegation at Geneva gives texts of the speeches and statements at the Council of the League in 1939. This includes Dr. V. K. Wellington Koo's communications, extracts from the statement made by H. E. Dr. Hoo Chi-tsai on the Japanese traffic in opium and other dangerous drugs. There is a section on the Anglo-Japanese relations *re* Tientsin, another on the denunciation by the U.S. of the Treaty of Commerce and Navigation between Japan and the U.S. and a lecture on The Door and World Peace delivered by Dr. Koo at Burlington House, London, June 28, 1939.

It is on this subject of the Open Door that John Ahlers writes. Ahlers' articles in *The China Weekly Review*, the *Shanghai Evening Post and Mercury*, and European journals have shown his effective study and grasp of this subject. Perhaps no one is better fitted than he to show what the Japanese have done in respect to free trade in Manchuria, North China and Central China. He writes:

"From the beginning of the Sino-Japanese war I was struck by the methodic and systematic Japanese proceedings to persecute, curtail and oust the economic interests in China of countries other than Japan. I was strongly impressed by the observation that the Nipponese clash with those interests was neither accidental, nor merely accessory to the war. This clash forms one of the major features of the war which the Japanese are fighting against two fronts: against the Chinese and against the white man's China business as well."

This book describes definite methods by which Japan's "treaty-abrogating and treaty-circumventing machine" works. Among the methods discussed are railway control, control of industries and minerals, finance and currency, the discriminatory tariff of 1938, the blocs and organizations to control economic activities in China. He takes up particularly the Nine Power Treaty which in Article III explicitly provides for the Open Door in China.

Mr. Ahlers concludes: "To effect now western investments in any of the Nipponese-controlled areas in China, where the existing western investments and interests are being systematically hunted down by the Japanese, would be nothing else but throwing good money after bad."

F.M.R.

Necessity

NEW HOMES FOR OLD: PUBLIC HOUSING IN EUROPE AND AMERICA—Headline Book No. 22. By William V. Reed and Elizabeth Ogg. N.Y., Foreign Policy Association, 1940. 112 pages, illustrated, paper, U.S. 25 cents.

In Europe between 1919 and 1939 approximately seven and a half million low-rent houses were built with some kind of government aid. This Headline Book studies the government housing programs of England, France, Australia, Germany, Sweden and Holland. Particularly interesting is the account of the homes built by the Swedish cooperatives of which more than a thousand have been formed for the purpose of home building. City planning is also discussed in the book.

In the United States the Federal Government has opened the way for new housing projects through the Federal Housing Administration and the United States Housing Authority, whose job it is to rehouse the lowest third of the nation. It is estimated that ten million families in the United States are not properly housed. The Foreign Policy Association has done a constructive piece of work in thus bringing before its readers this great public question and making available in popular form the European accomplishments in this field.

F.M.R.

Adventurer

JOURNAL OF W. J. FORSYTH—Edited by L. N. Forsyth. Boston, The Christopher Publishing House, 1940. xi, 153 pages, illustrations, cloth. U.S.$1.50.

W. J. Forsyth was a traveller and explorer particularly interested in the development of coffee, tea and cinchona plantations. The travels recorded in this little book begin in 1882 and continued through 1888. Much of the record deals with his search for seed to be used by the Dictator of Guatemala, General Barrios, and with his investigations and report on the possibility of development for Hawaiian coffee interests.

WHERE ARE THE CHINESE LEADERS?

All are familiar with the hegira of millions of people from the coastal regions to the western provinces, but few are familiar with the whereabouts and activities of China's leading governmental, military, commercial and professional leaders who have been forced from their normal jobs and places of residence into the service of national defense or other work in distant places.

Vast Changes Since 1936

The last edition of *Who's Who in China* was published late in 1936, only a few months before the beginning of the Japanese invasion. Aside from a comparatively small number of business and professional men who were not directly affected by the conflict, almost every one else was drawn into the maelstrom. Three classes of public men and women have been greatly affected by the struggle—officials, military men and teachers.

SUPPLEMENT TO WHO'S WHO IN CHINA

This book, often described as the "most useful book in China," has been published biennually for the past twenty years. But it has been found difficult to republish the complete edition under prevailing conditions. Therefore, we have done the next best thing—published a supplement—containing the names, biographies and pictures of some 300 leaders, most of whom are involved in some phase of the war—in the Provincial Governments, the Cabinet or Yuans at Chungking, Diplomatic and Consular Services, Military Service, Party Work or Professional and Business Activities. There also are a considerable number of women in the book.

For those who have a copy of the last standard edition, the Supplement will bring the entire book up-to-date. For those who do not possess a copy of the last (1936) edition, we still have a limited number of copies which will be sold to those sending in their orders at once.

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In the United States Court for China

In the Matter of the Estate of FREDERICK ROGERS GRAVES, Deceased.	Cause No. 4492 Estate No. 2371 Filed at Shanghai, China, this 21 day of June, 1940. WILLIAM T. COLLINS Clerk.

NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Frederick Rogers Graves, deceased, to present the same with vouchers to the undersigned on or before the 30th day of December, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

M. P. WALKER

Treasurer, American Church Mission, 1305 Yu Yuen Road, Shanghai.

Collector under Letters Ad Colligendum.

In the United States Court for China

In the Matter of the Estate of FREDERICK ROGERS GRAVES, Deceased.	Cause No. 4492 Estate No. 2371 Filed at Shanghai, China, this 21st day of June, 1940. WILLIAM T. COLLINS Clerk.

NOTICE OF HEARING

Pursuant to an order herein made notice is hereby given to all persons interested that the petition of M. P. Walker, Treasurer of the American Church Mission, for probate of the instrument purporting to be the Last Will and Testament of Frederick Rogers Graves, deceased, will be heard on Wednesday, September 4th, 1940, at 10 in the forenoon in the Court Room of the United States Court for China at Shanghai.

WILLIAM T. COLLINS
Clerk

United States Court for China.

The political situation in Hawaii in 1886 is well shown by the fact that the revolutionaries wishing to remove King Kealakekua from his throne seek the aid of the new arrival, Mr. Forsyth, to vote in the ensuing election.

The journal is too brief to give much information about the countries or the peoples among whom Mr. Forsyth carried on his researches.

The Great Dominion

ALASKA: ITS HISTORY, RESOURCES, GEOGRAPHY AND GOVERNMENT — By Mariette Shaw Pilgrim. Caldwell, Idaho, The Caxton Printers, Ltd., 1939. Cloth 296 pages, map, illustrations, appendix, index. U.S.$3.00.

Although this book was written primarily for the children of Alaska, it is a book which supplies much desirable information for various types of readers. Since the early history of Alaska is a direct outgrowth of the Russian conquest of Siberia, the account starts with a reference to Russia's expansion across Siberia to the Pacific and then into Alaska. After the Russian explorers came the English, Captain Cook, Vancouver and Mackenzie, the Spanish, the French and finally the American explorers.

The book discusses in a simple style the political developments, the governmental system, such questions as communications, schools, resources. The chapter on physical features shows Alaska to be a country of surprising variety. The present day ice fields in Alaska cover twenty thousand square miles, and the largest glaciers in the habitable world are on the Alaskan coast. One of these glaciers, the Mendenhall near Juneau, is twenty miles long and two miles wide. The volcanic region of Alaska stretches a distance of twelve hundred miles, and is, according to Griggs, the longest and straightest single line of volcanoes in the world. Many are still active.

F.M.R.

China's War Activities

The June number of *China at War* published by the China Information Publishing Company has been received in Shanghai. It has articles about the China Industrial Cooperatives, the new deal in Kweichow Province, Agnes Smedley's observations during her trips to the war fronts, and China's modern cave-men.

The magazine carries six pages of interesting photographs, all of them artistically laid out, "captioned" and printed. Attention may be called to pictures showing 9,000 graduating cadets reviewed by Generalissimo Chiang Kai-shek and women graduates trained by Madame Chiang for wartime services. A popular patriotic song called "Self-Defense" appears on the inside back cover.

China at War is a monthly magazine devoted to various developments which are taking place in Free China in the course of her total warfare for self-defense against Japan. The June number has a green cover and is printed on good quality paper.

Sardonic Interpretation Given News from France

The German *Transocean* news service, which distributes the most voluminous reports of any foreign news agency in Shanghai, carried a dispatch from Geneva on Tuesday of this week which stated that "life in France is rapidly returning to normal." Directly under this dispatch was another stating that restrictions on radio broadcasting had been relaxed "sufficiently to permit, for instance, certain official statements by Marshal Petain." The *Transocean* message concluded with a statement that a new French broadcasting service was now under preparation. That the Germans are not without a sense of humor was indicated by another dispatch, also from Geneva, stating that the Petain Government was moving again, this time to Vichy, the French health resort. This item was headed, "France to Recover in Vichy."

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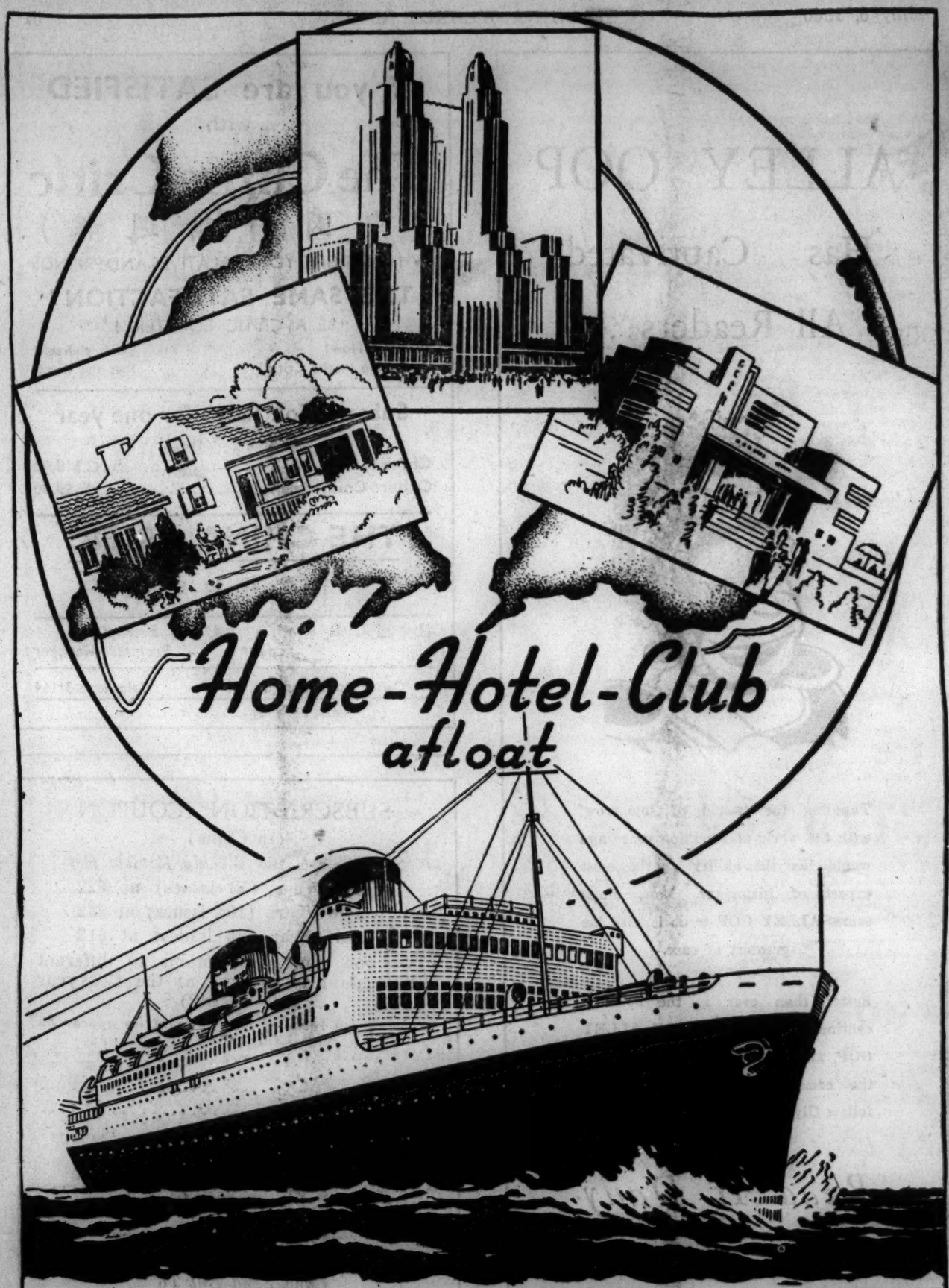

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